

APRA Advisor

Association of Professional Reserve Analysts (APRA) is a nonprofit corporation established in 1995 by principals of America's leading reserve study companies. The purpose of APRA is to provide a forum to establish a common base of knowledge, standards of care and professionalism within the reserve study industry.

The **APRA Advisor** is a bimonthly publication designed to expand the understanding of reserve planning and increase awareness of **Professional Reserve Analysts**.

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In the Gutter

Rain gutters are an inconspicuous but necessary building component that homeowner associations deal with. Their need to perform consistently triggers ongoing maintenance and repair to themselves, exterior paint, siding, roofs and trees. Failure to keep the gutter system running smoothly causes overflows, water intrusion, interior damage, structural dryrot and enormously expensive repairs. There is a lot riding on this often ignored building component.

Until the late 19th century virtually all rain gutters were made of wood. With the advent of metal roll forming machines around 1900, the ability to create metal gutters became possible. The roll forming process shapes long coils of flat metal into long, formed sections of gutters in a variety of designs. Up until the 1970s, most rain gutter was produced on stationary roll forming machines weighing up to several tons. Then, lighter portable roll formers on trailers became available. With portable roll formers, contractors measure and form gutters onsite.

The three most common metal gutter systems are made of aluminum, steel and copper. The first two have the advantage of being custom painted while copper (unless properly clear coated) will weather and change color over time. All metal gutter options have a 20+ year life or more as long as they are not damaged. Aluminum is the lightest weight metal option and most easily damaged. Downspouts should be located away from areas where damaging forces are likely (vehicle, pedestrian, etc.) or properly protected with landscaping or posts that prevent contact.

One of the most important functions of rain gutters is to prevent foundation movement due to water. Once rainwater has made it to downspouts, the downspouts need to direct the water away from the foundation, either in

subterranean rain drains which lead to a french drain (a cistern like system that allows the water to be gradually reabsorbed into surrounding soil), run off to an above ground ponding facility that also allows gradual absorption into the soil or connection to a grid of storm water drains that carry to water back to streams and rivers. Some states and jurisdictions have restricted hard surface (roof, street, parking lot) storm water run-off to onsite collection facilities to avoid contamination of streams and rivers.

Splash blocks are a low tech alternative that move water away from the foundation. A splash block is a rectangular wedge about a foot wide and two feet long that is placed under the downspout outlet. Rainwater hits the block and is diverted away from the building and works well as long as there is positive drainage. However, in areas with high volumes of rain, splash block drainage may create additional problems with boggy areas in the landscaping or flooding downstream neighbors. In these areas, more sophisticated drainage systems are in order.

An ongoing maintenance issue with gutters is the accumulation of tree and roof debris that block or slow water drainage. This is particularly burdensome in areas of heavy deciduous tree cover. In those areas, ongoing tree pruning and selected tree removal is necessary to reduce the problem and related costs. Gutters typically should be cleaned at least twice a year. Heavy tree cover will trigger "hotspots" where more frequent cleaning is necessary. The HOA should identify these hotspots and do regular preventive maintenance to minimize damage caused by overflows.

Airborne dirt and roofing granules wash into the gutters and accumulate in gutters and create a hindrance to water flow. Removal of this sludge requires hand work by scooping, flushing with

high pressure water hose or blowing out with a leaf blower. The last two can be create additional mess to the landscaping, walkways and building but are quicker and cheaper to accomplish.

There are quite a few options for gutter covers that claim to eliminate the need for gutter cleaning. They come in many different designs and price points and do reduce the need and frequency of cleaning but none can prevent the accumulation of sludge that finds its way passed even the best gutter cover systems. Since these systems are expensive, part of the selection criteria should be ease of removal to flush the sludge.

Gutters and downspouts are a wonderful piece of engineering when properly installed and maintained. While "in the gutter" is a description for someone that is "down and out", rain gutters are indispensable for getting rainwater down and out to where it does no damage. **APRA**



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Drip & Watt Control

In many common wall communities, the association pays for some resident utilities like water and sometimes power and heat. The hope is that residents will use these utilities prudently and conserve them by keeping the fixtures that dispense them in optimal working condition. No so.

Take water, for example: While association water bills continue to ratchet up, residents too often let dripping faucets and trickling toilets become background noise. (Did you know that 10 drips per minute waste 526 gallons of water a year?) The same principle applies to other association paid utilities. Lights are often left on when no one's home.

It's basic human nature: I'm not paying (directly) for it, so who cares? This lack of concern causes resources and dollars to literally go down the drain. Is the association helpless to control it? No. Whenever there is a association paid cost, the Board has the responsibility to monitor and control that usage. So how is that best done?

Analyze Utility Usage. Looking at the last 24-36 months of utility bills can reveal much. Is usage consistent for the months in question? If the total yearly usage is divided by number of homes by 12 months, is it consistent with utility company averages? If not, roll up your sleeves, you've got work to do. Utility bills are usually one of an HOA's biggest expenses. A 5-10% reduction may translate into thousands of dollars of savings.

Perform a Utility Audit. All homes should be surveyed for fixtures that control HOA paid utilities. The first step is to send out a checklist form with postpaid return envelope to all residents. The survey should include questions and items you need the resident to respond to such as:

1. Toilet[s] running continuously?
Yes (how many? ___)
No If unsure, put a couple drops of dark food coloring the tank, wait for 15 minutes and if color shows in the bowl, it's running.
2. Faucets drip?
Yes (how many? ___) No
3. Do you have low flow faucets?
Yes No (how many? ___) Unsure
4. Do you have low flow shower heads?
Yes No (how many? ___) Unsure
5. Do you have a programmable clock

for your heat?
Yes No Unsure

6. Are all exterior light fixtures using compact fluorescent bulbs?
Yes No (how many? ___)

7. [Add other questions that apply]

Schedule Repairs. Approach this campaign as a way of saving a bucket load of money to deter claims of invasion of privacy. Explain in dollars and cents how reducing water consumption by 10%, 20% or 30% could reduce the monthly assessment. Since water is a major budget item, the reduction is significant. Based on the savings, the HOA can justify paying for the repairs and it's cheaper for everyone if they're done efficiently. These repairs can be done by maintenance people who charge a fraction of what plumbers charge.

Perform Repairs. Pick a weekend when a repair crew can do repairs advise residents of the schedule and need to be home during no more than a two hour time frame. Using the returned Utility Audit as guides, have crews equipped with toilet tank repair kits, an assortment of faucet washers, low flow water restrictors, 13 watt compact fluorescent bulbs and programmable clocks for heat move quickly from house to house. The repairs shouldn't take more than 15 - 30 minutes per unit so two men could do around 40 homes or more in a day.

There may be several homes that cannot be accessed because the owner is unavailable. Arrange another weekend to finish up. There may be a few who refuse access but with 80 - 90% compliance, the project is a great success. And if there is evidence that a holdout's unit is leaking water (You can hear it running.), it qualifies under the HOA's emergency access rights.

When it comes to conserving energy and reducing costs, it's the drips and the watts that'll get you. Do an annual energy review to make sure you don't slip drips and know what's watt.

By Richard Thompson of Regenesi, Inc. **APRA**

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The following have earned the Professional Reserve Analyst™ credential this year:

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Green Bananas

A manager of a seniors community once commented "We have to approach long range planning carefully around here. Many of our residents won't buy green bananas."

While it's understandable that some folks may not relate to long range planning for practical reasons, the truth is that Americans in general, regardless of age, live "in the now" and reluctantly engage in advance planning. This attitude is reinforced by the incredible abundance with which our country is blessed. There is also a pervading sense that no matter what happens, something or someone will be there to catch us if we fall. Bankruptcy laws are a case in point: If a personal or business plan doesn't work out, there is limited personal liability.

Homeowner associations are based in the premise that sharing common property makes the unaffordable affordable. The framework allows ownership of parks, pool, ponds and other expensive amenities that few homeowners alone could support. In common wall communities, individual owners turn over their exterior building maintenance duties to the association and agree to pay a fair share of the costs. Sharing such costs reduces costs to the individual IF proper planning and execution are involved.

Reserve funding is an issue that frequently causes HOAs to stumble. The premise of reserves is that money is set aside systematically to pay for big ticket items like roofing, painting and street maintenance in the future. Since these repairs or replacement crop up infrequently, when they do, the costs are significant. If there has been no systematic accumulation of money to pay for them, guess what? Special Assessment Time!

Special assessments are the product of poor planning. They penalize current owners who are unfortunate enough to live in the community when major costs come due. Prior owners skate on their obligations leaving current owners to hold the bag. Special assessments are particularly burdensome because they:

- Put some owners in an immediate financial crisis.
- May be uncollectible if an owner's equity is small.
- Are always politically unwelcome and,
- Pressure the board to defer needed maintenance to avoid the turmoil.

Homeowner associations that fail to plan for major long range expenses typically do not handle day to day business very well either. The two seem to go hand in hand. Those HOAs typically keep their fees unrealistically low and, by so doing, services are starved, maintenance lags and curb appeal suffers. Curb appeal directly impacts market value of the homes so in a real sense, owners are cutting their own throats.

There is a fundamental conflict of interest at work here: The long term financial and maintenance needs of the HOA conflict with the individual homeowner's short term desire to hang on to the money (Green Banana Syndrome). A homeowner living in a stand alone home has the luxury or misfortune of doing business this way while a homeowner association will fail miserably if it does.

A reserve "philosophy" is a fundamental ingredient of association policy. The best way to solidify that philosophy is with the adoption of a

Reserves Resolution. This resolution reflects the desire of owners to do long range reserve planning and funding. Such a resolution curbs the impulses of some boards to raid the cookie jar by misspending reserve money or failing to add to reserves when the plan clearly calls for it. A Reserves Resolution is a critical step toward proper care of the community.

Consider the negative effects of Green Banana thinking on your HOA assets. If such is the case in yours, be aware that you are on a slowly sinking ship and no amount of deck chair rearranging will make a difference.

By *Richard Thompson of Regenesi, Inc.* **APRA**

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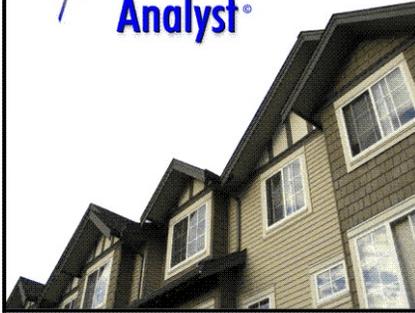
Deck systems intended to shed water and protect the living areas below often include a protective coating to preserve the deck material, provide waterproofing and improve foot traction. These coatings are not to be confused with wood deck sealers which are applied to enhance the wood look but provide little protection to the deck surface.

Deck coatings require reapplication at recommended intervals and come in a

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Since deck coatings are an integral part of the building envelope and failing to maintain them can lead to water intrusion, dryrot, mold and other structural and health issues, make sure you include them in your reserve planning and regular maintenance.

Excerpts from article by Bill Leys of www.DeckExpert.com
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variety of types and qualities. And like paint, it is always highly recommended to pay more for the best for better durability and performance. The cost of application labor is the same.

A homeowner association that has deck maintenance responsibility should reserve around \$2-3 per square foot for cleaning, repairing and recoating. Since the chemistry of coatings varies widely, it's always best to recoat with the same product originally used (assuming it is doing the job it was intended to do). If unsure what the original product is, you should have the decks inspected by a knowledgeable deck coating professional to make recommendations. This maintenance should take place every three to five years depending on the level of foot traffic and weather conditions.

But what about the replacement of the deck coating? Most deck coating systems have an estimated 15-30 year useful life assuming regular maintenance and recoating is being done according to manufacturer's specifications. Urethane deck systems generally last 15 to 20 years while slip sheet systems 25 to 30 years. Deck systems, like metal lathe with acrylic coating, can last longer than 30 years.

For less durable deck coating systems, including system replacement in the reserve plan is indicated since it qualifies under the three to thirty year guideline. This job includes removal and replacement of flashing, door pans, drains and scuppers.

The Roof Warranty

Most roofs carry some degree of material and labor warranty. Roof warranties can provide an added layer of protection if you get the facts right. Perhaps the biggest misconception surrounding warranties involves the very nature of the document which includes the belief that the warranty covers certain materials and activities when, in fact, it does not.

Warranties are not replacement guarantees. They might provide coverage for labor and material costs for the repair of leaks in a roof system based on the individual manufacturer's definition of the system spelled out in its warranty form.

Manufacturers of roofing materials generally issue the warranties. In some cases, the roofing contractor provides a warranty for workmanship and a materials-only warranty from the manufacturer.

Warranties fall into two general categories:

1. Implied Warranties are created by state law and are neither spoken nor written promises about the condition of a product when sold.

2. Express Warranties define what the warranty covers and what the warranty excludes from coverage. In many cases, an express warranty will also define the resolution process should a claim be made.

The difference between express warranty and implied warranty is that implied warranty does not offer any specifics about the goods. An express warranty can exist if, for example, samples were provided during the submittal stage of a project, in which case the seller is warranting that the product to be used in the roof is equal in quality to that of the sample. Even language used in a project proposal can be used to form the basis of an express warranty.

Many warranties contain a list of exclusions that can be lengthy such as hurricanes, gale-force winds and high wind gusts, ponding water, and additions or alterations to the roof unless the manufacturer is notified in advance and approves the alteration or addition in writing.

Many warranties exclude coverage for the costs of repairs to damage to a system, but notification to the warranting manufacturer is important, as failing to use reasonable care in maintaining a roof by the owner might result in voiding coverage under a warranty.

The harshest factor on roofing is not the weather. Humans will do more damage to a roof that Mother Nature ever will. From heavy foot traffic to dropped tools or equipment, roof damage from humans is frequent.

When repairs are required, warranties very clearly spell out the actions owners can and cannot take in inspecting roofs, fixing leaks and making other changes. Paying close attention to these requirements can help avoid voiding the warranty. Activities such as inspection and documentation are fairly stringent on the owner, yet they are routinely overlooked.

Yearly inspections by qualified contractors are often required by the manufacturer to maintain the warranty. Carrying out repairs involves much more than the actual fix. Most warranties in the industry require that covered repairs be completed by a contractor assigned and authorized by the manufacturer holding the warranty.

Close attention also needs to be paid to the provisions for roof replacement.

Most often repairs are performed without resorting to full roof replacement. However, if a roof replacement is determined to be the best solution to a warranted problem by the warranty underwriter, then the warranty would often cover labor and material costs associated with replacement of the warranted materials. (Sometimes roofs are assembled with non-warranted products that were purchased by the roofing contractor. Such items include insulation and insulation fasteners on non-adhered systems, penetration flashings and sealants, and metalwork.)

There are many issues that can void the warranty including:

Roof Alterations. All alterations should be performed by a qualified installer of the specific manufacturer's material. And the alterations must be coordinated with the manufacturer prior to commencing work.

Negligence. Negligence includes not maintaining the roof system or allowing access to the roof by the



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public and or allowing its use as a smoking or break area.

Improper Design. This includes design factors that negatively affect the performance of the roof system such as corrosive environments unsuitable for the given roof system, excessive internal building pressure, improper building components, and problems created by a roof system from an existing roof left in place in re-cover situations.

Some Warranty Specifics: Get the warranty early and read it. Many roofing contractors simply state that a warranty will be given upon completion in the proposal and then no warranty document is ever actually produced. Word to the wise: Get and read it before signing the proposal.

Get your contractor's credentials.

Understand the section describing the claim-resolution process. Most warranties are very specific about where it takes place and it is not necessarily the state in which the your facility is located.

Look beyond the number of years the warranty covers. There are a variety of roof systems out there, but longer warranty doesn't necessarily mean better. Look beyond the years to the limitations that apply.

What a Roofing Warranty Isn't:

- Not a commitment to perform routine roof inspections at the owner's request.
- Not a substitute for proper roof care.
- Does not arbitrarily cover everything in the roof system. It does not cover components from others.
- Does not promise the roof will be leak-free over its service life.

- Does not cover damage to the interior of the building or property, referred to as consequential damage.

There is a lot riding on the quality and longevity of a roof installation. When you pay for a new roof, make sure you understand what you're getting and what you're not.

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Riding a Dead Horse

Indian tribal wisdom says that when you discover you are riding a dead horse, the best strategy is to dismount. However, in modern organizations, new "improved" strategies have been developed:

- ☉ Buy a stronger whip
- ☉ Change riders
- ☉ Say "This is the way we always have ridden this horse"
- ☉ Appoint a committee to the study the horse
- ☉ Arrange to visit other sites to see how they ride dead horses
- ☉ Modify the standards to include riding dead horses

- ☉ Create training sessions to improve riding ability
- ☉ Compare the state of dead horses in "this economy"
- ☉ Pass a resolution declaring: "This horse is not dead"
- ☉ Blame the horses' ancestry
- ☉ Harness several dead horses for improved performance
- ☉ Declare that "No horse is too dead to beat"
- ☉ Provide funding to increase the horse's performance
- ☉ Do a study to see if a contractor can ride it cheaper
- ☉ Declare the horse is better, faster and cheaper dead
- ☉ Form a committee to find uses for dead horses
- ☉ Revisit the performance requirements for dead horses
- ☉ Appoint the dead horse to Board President

From an anonymous but very wise source. **APRA**

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