

APRA Advisor

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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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Waterproofing Decks

Waterproof deck coatings and homeowner associations seem to go hand in hand. It seems that nearly every HOA has them either over a living space or attached off a room. While the residents love them, the board usually hate them because of the problems that they can cause.

Some boards try to avoid dealing with deck problems by getting the governing documents changed to make owners responsible for them. Other boards repair decks reactively as complaints come in with the bare minimum needed to stop the leaks. Smart boards tackle the problem head on.

The cost of a new waterproof coating isn't cheap, but the cost of repairing dry-rotted framing supporting the deck is a lot worse. The key to preventing decks from becoming a problem is in inspecting the decks. But since decks are often inaccessible on upper stories, they are rarely inspected. The problem lingers until a winter storm finds the weakest leak, uh, link.

Inspections. Summer is an ideal time to inspect decks when it isn't raining, there is time to get bids and make needed repairs. It will be helpful to know what type of deck coating is on the decks. A brand name helps, but knowing what type of material has been applied is better. Elastomeric, urethane, lightweight concrete and floating systems are typical coating materials. A simple way to check deck condition is to use your foot to check for softness. Soft decking is indicative of dry-rot.

The coating should be inspected for:

1. Cracks in the coating
2. Nails popping through the coating
3. Delaminating paint
4. Bubbles in the coating

The flashing should be checked for:

1. Signs of rust
2. Pulling loose from the coating
3. Bends or breaks

Look for items on the deck that can cause damage:

1. Plant containers should be raised off the surface to allow water to drain and the surface to dry.
2. Outdoor carpet traps moisture underneath and promotes dryrot.
3. Barbeque grills drop hot ashes which can burn through the coating. Grease from grills stain the deck.
4. Table and chair legs puncture or tear deck coatings.

Preventive Maintenance. Deck coatings need to be cleaned every year to remove dirt that can wear down the coating. Decks need to be recoated on the schedule recommended by the manufacturer, on average every 3-5 years. The coating is a specialized paint/sealer formulated to protect the waterproofing layer beneath it. The coating is usually applied at the rate of about 8-10 mils thick. Ultraviolet rays (sun), rain and foot traffic will wear this protective layer away at a rate of 3 mils per year. Even though the deck may look good and the color still there, by year 3 there is little protection afforded to the under layer.

Soft deck coatings like urethanes, elastomerics and floating systems will need more frequent maintenance than hard concrete based deck coatings. They also have a greater chance of failing prematurely if they are not maintained as recommended. Consult with the manufacturer or deck coating installer if you are not sure what you have.

Selecting a New Coating System. Get 2-3 qualified contractors to bid your job. Arrange a site visit where all bidders can come at the same time, review the job and get their questions answered. Ask each bidder what deck system they recommend. Tufflex, Mer-Kote, Pacific Polymers, Dex-O-Tex, Desert Crete and Life Deck are common brand names. Beware of deck coatings that aren't proprietary systems. Some deck companies "cook



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up" their own deck coatings seeking to minimize their costs on materials. While some companies who do this may have a coating system that works pretty well, there won't be any independent manufacturer's support if any problems develop.

Ask your installer to provide you with the manufacturer's contact information. Call the manufacturer and ask them to make a site visit, write the specifications for the job, inspect review the work during and after installation and provide a written warranty.

When selecting your deck system, there are a lot of choices available. Since it is usually difficult to get an "apples to apples" bid with 2 or 3 contractors all bidding the same system, the problem is compounded when you are comparing different coating systems. Each system may offer advantages and disadvantages over the other. What works well on concrete decks may not work so well over a plywood deck.

Understanding what you are buying is critical to your project's success. Many coating products have long curing times, requiring the decks to be closed for up to 24 hours. Some coatings have odors associated with the curing and application process that are offensive or toxic. Know these things in advance so that you can provide adequate notice to residents.

Flashings. L metal flashing is found at the wall to deck junction. It is sometimes hard to spot as it may have been painted over. It keeps water out at this very critical area. Drip edge flashing is found at the outer edge of the deck. A small bend on the bottom lip kicks water away from the deck as it runs off. The flashing needs to meet manufacturer's specifications.

Removal of L flashing can be expensive and involves removal of stucco or siding which must be repaired. Drip edge flashing is usually not as difficult to replace because it is usually accessible, however, working around railings and posts can push the cost up. Make sure flashing replacement is included in the scope of work.

Door thresholds may require raising or lowering when applying a new coating over an old coating. Replacement or repair of the deck itself can often exceed the cost of the coating work. A thorough inspection can usually find any soft spots under the coating that indicate weak or rotted board. A good estimate will include allowances for replacement of plywood, eliminating most surprises. What no one can predict without destructive testing is what is the extent of the damage? Soft plywood is one thing, rotted framing supporting the deck is entirely another. Rotted framing must be repaired before putting a new coating on.

Selecting a Contractor.

- **Scope of Work.** Make sure proposals reference a Scope of Work provided by the manufacturer's representative.
- **Insurance.** Verify liability insurance directly with the insurance company. Stipulate that the insurance name the HOA and management company as an additional insureds.
- **License Status.** Check the state contractor licensing department to make sure the contractor has the proper licensing. Bonding, liability insurance and workers compensation information can be found there as well.
- **Work References.** Require a list of references for similar work recently completed. Verify the work was completed satisfactorily and without excessive change orders.
- **Inspect Completed Work.** Look at jobs that are several or more years old

to verify how well the coatings have held up.

- **Professional References.** Ask the manufacturer's representative about the contractors you are considering.

Since the consequences of poor waterproofing can be disastrous, take the time to make sure your contractor and coating will both hold up for the long rain, uh, run.

Excerpts from Article by Bill Leys

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Policizing Reserves

Planning for future repairs and replacements is one of the most critical and beneficial things a homeowner association should do. A Reserve Study is a long range planning tool that identifies common element building and grounds components that typically have useful lives of 2-30 years, the current cost of repair or replacement of each and a Funding Plan to accumulate the money to accomplish the work.

A Reserve Study is an indispensable planning process. But the Study itself doesn't commit the Board or Members to follow it. A formal policy should be adopted that commits the HOA and Board to the reserve planning process and holds future Boards accountable to the standards. For that, a Reserve Study and Funding Policy is called for. Without it, a future Board could decide



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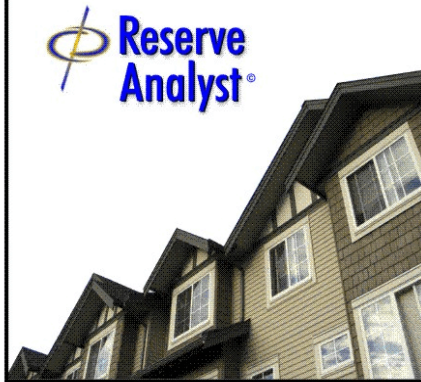
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to set the plan aside or worse, spend reserve funds on something they were never intended for.

A Reserve Study and Funding Policy obligates the homeowner association to follow the recommendations of the study. So, formalizing the commitment to change will help ensure that some Board in the future won't drop the ball or shift back to old and bad habits.

Below is a policy which can be adapted to your HOA's use. Whether you already follow a good Reserve Study or are thinking about getting one, consider enacting one to formalize the commitment.

(Name of Homeowner Association)
Sample Policy Resolution #__
Reserve Study & Funding

WHEREAS, Section ___ of the governing documents grant the general power to conduct the business and affairs of the Association to the Board of Directors, and

WHEREAS, the Board of Directors has the responsibility to plan for the proper maintenance, repair and replacement of the Association common elements; and

WHEREAS, the members have the responsibility to fund the proper care of common elements; and,

WHEREAS, proper care of the common elements directly impacts the value of members' homes,

NOW, THEREFORE, BE IT RESOLVED THAT in order to properly maintain the common elements, protect market value of members' homes and livability in the community, the Board of Directors establishes a policy as follows:

Reserve Study Defined. The Board shall have a Reserve Study performed that includes this criteria:

- Identifies all common element components that are the homeowner association's responsibility to repair or replace that have a useful life of 2 to 30 years.
- Assigns a reasonable cost of repair or replacement to each component based on current costs for the area.
- Assigns a reasonable useful life to each component based on local conditions.
- Lays out a 30 Year Repair & Replacement Schedule which identifies the years when each component work will be performed including the inflation adjusted cost.
- Establishes a 30 Year Funding Plan which takes into consideration the costs of repairs and replacements, contributions from members, impact of inflation, revenue generated from invested reserve funds and taxes owing on interest earned.
- The Funding Plan shall include a "Percent Funded" factor (percent of actual reserve funds on hand versus fully funded balance).

Permitted Uses of Reserve Funds. Reserve funds are to be used only for the repair and replacement of the specific components identified in the Reserve Study.

Annual Review. The Board shall review and revise the Reserve Study annually to reflect changes in costs, inflation and interest yield on invested funds. Component information shall be amended to reflect new information received, component additions or deletions. With this revised information, a new 30 Year Reserve Study projection shall be generated and used in conjunction with the Annual Budget process.

A reserve study is a fundamental planning tool that every homeowner association needs to function properly.

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Borrowing Reserve Funds. Under special circumstances, like an unanticipated Operating Budget shortfall or an emergency, and if allowed by state statute, the Board may borrow from reserve funds. In such cases, the Board shall adhere to a strict repayment plan that will replace borrowed reserve funds within 12 months.

Investing Reserve Funds. In order to reduce the amount of member contributions, the Board shall invest reserve funds to generate interest revenue that will be added to the reserve account. Unless otherwise approved by the membership, all investments will be insured or guaranteed by the United States Government. Investments should take into consideration the repair and replacement schedule so that there is no loss of interest for early withdrawal. The Board shall review the reserve fund investment plan at least annually to ensure that the funds are receiving competitive yields and make prudent adjustments as needed. The Board may hire an investment counselor to assist in formulating an investment plan.

Performing the Reserve Study & Annual Review. To ensure objectivity and competence, the Board shall hire only a third party Reserve Study professional with experience,

references and credentials to do the Reserve Study.

Dated: _____

Signed: _____
President - Board of Directors

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The following earned their Professional Reserve Analyst™ credential this year:

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Reserve Studies by Reserve Funding

Powder Problem

A condition that exists in some homeowner associations is called "efflorescence", a term sometimes confused with "fluorescence", as in the lightbulb. It is, in fact, a deposit that appears on the surface of stone or masonry which is formed by the crystallization of soluble salts carried to the surface by moisture. In layman's terms, it looks like white powder. The good news is that efflorescence is primarily a visual problem. Very rarely does it cause structural problems and often it diminishes with time.

Several conditions must occur for efflorescence to appear. The soluble salts must be present in the bricks, mortar, or transported by water into the masonry from another source. There must be sufficient water to carry the salts in solution to the surface of the masonry. Then, evaporation causes the salts to come out of solution and be left behind as the salt deposits.

Soluble salts come from many elements or minerals found in the materials from which bricks and mortar are made. The sand used in mortar can have

significant quantities of soluble salts. To reduce the efflorescence effect in mortar, experienced masons use only washed sand which reduces the soluble salt content. But even with careful selection of materials, soluble salts can also be present in the soil behind a wall or the water used to mix the mortar.

Efflorescence will often stop on its own when the supply of soluble salt in the bricks or mortar becomes exhausted. It can also stop if the source of water which dissolves the soluble salts is cut off. The process can also stop if the water in which the salts are dissolved is prevented from getting to the surface of the masonry. However, if a wall is used for retaining purposes, the process is impossible to stop unless the back side of the wall is waterproofed to prevent water intrusion

There are several options to remove the deposits which include using a stiff brush followed by flushing with water. However, this process can sometimes dissolve the salts and cause them to soak back into the wall. Using a weak solution of muriatic acid on some types of salts sometimes works however, acid solutions can cause severe burns to skin and eyes. This should only be attempted by experienced contractors.

2011 SYMPOSIUM

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