



The Regenesis Report



National Edition

Innovative Homeowner Association Management Strategies

Priceless

Regenesis means making new beginnings using eternal principles in innovative ways.

Regenesis believes that the goal of every homeowner association board should be to promote harmony by effective planning, communication and compassion.

The Regenesis Report provides resources and management tools for just that purpose. Every month, articles of common interest to homeowner associations nationwide are offered along with innovative strategies for addressing common problems.

Managing an HOA can be a lonely and frustrating task. Take heart. Help is on the way.



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Like Fine Wine

A Reserve Study is an essential part of running a homeowner association. It provides the board with a systematic way to schedule the repair and replacement of HOA assets and a fair way to distribute the costs of those events to all the members who benefit from them over the thirty year time line. A properly funded Reserve Study eliminates the need of special assessments which are unfair to those that have to pay them. And with adequate funding, maintenance gets done when it needs to be done instead of piecemeal or deferred.

There are just too many advantages to reserve planning to ignore. The board that follows a reserve plan is succeeding in a fundamental charge: to protect and maintain the HOA's assets which have a direct correlation to the members' home/unit values. Conversely, the board that does not have or follow such a plan is guilty of negligence and failing in its fiduciary duty. The implications are clear and significant and the wise board chooses the high road.

Thirty years is a long time and things can happen that are impossible to predict. Inflation moves up and down as does return on invested reserves. Construction costs can be higher or lower based on competition, the state of the real estate market and the price of oil (talk about unpredictable!).

One of the biggest wild cards in this thirty year projection is how well preventive maintenance is done. Preventive maintenance are those little things that, if left undone, have huge impact on a component's useful life. For example, if a roof is not kept clean of moss or small seam separations repaired, the normal useful life could easily be cut in half. Siding that is not inspected, repaired and caulked on a regular basis can fail years sooner than it should. Failure to perform regular and adequate preventive maintenance can undermine the financial prognostications.

How well the board invests reserve funds also has an enormous impact on the funding model. Improving the rate of return an average of only 1 to 2 % over the thirty year period can reduce owner contributions by thousands of dollars

(sometimes tens or hundreds of thousands of dollars).

The message is clear: A Reserve Study is an essential planning tool for all HOAs but to be truly useful, must be tweaked and refined over time. It's like tending a vineyard. Left untended, the fruit (value) will gradually disappear.

The annual budget review is the logical time to assess the condition of the Reserve Study. A judgment should be made on the life and cost assumptions of each component included in the Plan. Do they still hold true or is there need for some revision? These judgments should be made by an objective and knowledgeable source like a Professional Reserve Analyst (PRA) member of the Association of Professional Reserve Analysts. See www.apra-usa.com

If the reserve fund Percent Funded is below the ideal of 100%, implement a funding strategy to increase that level to the 100% goal.

As the saying goes, "Change is inevitable except from vending machines" and this is particularly true about a Reserve Study. If your HOA has no Reserve Study, arrange to have one performed as soon as possible. If you have one, hurray! Now, get out your clippers and start pruning. An annual update will produce great fruit.

For more, see www.Regenesis.net "Reserve Study Service"

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Ask the HOA Expert

Q I don't feel the board spends money in our best interests. I protest by withholding payment until year end. Recently, I received a notice saying if I didn't pay, they would put a lien on my home. Can they do this? Am I wrong to protest this way?

A Withholding assessments in protest is not the way to get your point across and, yes, the board has both the right and duty to process collection on delinquencies. I assume your concerns are for the community as a whole and not for personal issues. Your points and solutions should be made in writing to the board. Whether they act on them or not is another question. If they don't and you feel strongly that they should, I encourage you to run for election so that you can have a direct affect on the outcome. It's every owner's duty to serve.

Q Is it very difficult to change the governing documents? What's the process?

A If you are thinking about amending your governing documents, you should consult with an attorney specializing in HOA law. There are state and federal laws to consider as well as practical applications that need to be harmonized. Once the amendment(s) are approved, they usually need to be recorded. The attorney can assist with this as well.

Question: I asked our property manager for a statement of the total amount of money we paid a contractor for a six month period. I was told that the work would require two hours, is considered a "special" project and would be billed at the company's normal hourly rate. Is this appropriate?

Answer: If the management contract is based on performing "normal and routine" duties (and most are), yes, this would be considered a special billable project.

Question: Can the board create or

change bylaws without member approval? Ours has been doing this regularly.

A The board is authorized to enact policies, rules and regulations that are in keeping with the governing documents. The board may not enact anything that contradicts the governing documents. If the board proposes to amend or add to the governing documents, it usually requires a "super" majority (2/3 to 3/4) of the members to approve it and may take 100% depending on the subject matter (like changing the allocation of homeowner fees). Bylaws should never be amended without the assistance of an attorney who specializes in homeowner association law in your state.

Q Recently the board president requested a written legal opinion regarding an Architectural Review question without consulting the board. Is this allowable?

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A The president has the authority to make decisions on behalf of the HOA unless it involves an extraordinary issue and cost which clearly require board or owner approval. If legal costs are budgeted for (and they should be) and the

particular cost relatively small, the president has the right to do what was done.

Q Does the homeowner association have the right to restrict home security system signs in the common area outside of the homes?

A The HOA usually has the right to limit signs in the common area and what is placed in home windows. Small security stickers on the window are usually allowed. The main concern is curb appeal. Uncontrolled signage creates a cluttered look and reduces property values.

Another FYI: Security company yard signs are designed to get more business for the company and do little to reduce crime.

Q Should we include landscape items in our Reserve Study? How about insuring trees?

A It's wise to include "Landscape Renovation" and "Treework" in the Reserve Study. All bushes and trees have a limited life. Bushes die and outgrow their location. While trees usually have a long life, they require corrective pruning that should be done every 3 - 5 years and is expensive. Hiring an arborist to do a comprehensive inventory and report of the trees also makes a lot of sense. If each tree is tagged and referenced in the report, maintenance can be easily tracked. Consistent corrective pruning will extend the lives of the trees and keep them looking good.

Insurance for non-income producing trees provides limited coverage for claims related to fire, lightning, explosion, riot, aircraft, vehicles, vandalism and theft. Most of the claims are related to vehicle damage. Wind, freezing and pest claims are not honored. And the insurance does not actually insure the trees for value but provides replacement in standard nursery sizes. In other words, that wind fallen 80 foot douglas fir will probably get you an 8-12 foot replacement. Based on the coverage available, \$5000 coverage will cover quite a few

replacements.

To avoid the possibility of insect infestation, use native trees that are hardy and pest resistant. If you already have those prone to insects, consult with an arborist for the proper preventive maintenance or cut them down and replace them.☸

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Cost Cutting
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Rule with R-E-S-P-E-C-T

Rules can be vexing. Just consider the following: According to the Atlanta Journal, "The Ten Commandments contain 297 words. The Bill of Rights is stated in 463 words. Lincoln's Gettysburg Address contains 266 words. A recent federal directive to regulate the price of cabbage contains 26,911 words."

When it comes to effective rule making, less is more. Yet homeowner associations often see the proliferation of badly worded and thought through rules and regulations. Why does this happen? Often, it's because a board overreacts to challenges from homeowners. Rather than taking the time to understand a particular point of view and deal with it on its own merits, the board promulgates a rule intended to smite a scofflaw.

Laws tend to have a life of their own. It's the age-old struggle...individuals testing legal loopholes and governments trying to plug them. And like sand on the beach, there is an infinite number of loopholes and loophole plugs. Put up a stop sign and some one will run it...on purpose.

Homeowner association members can share incredible benefits that non-homeowner association owners can't. Amenities like pools, tennis courts, parks, architectural standards designed to enhance property values and a mediation system are but a few of the benefits. To optimize the beneficial environment that a homeowner

association is intended to be, rule making should take the philosophical high road. The core assumption should be that owners are reasonable adults, not spoiled brats that must be spanked. Here are some realities the board needs to understand:

1. Many owners will die for "principle". If a rule seems unfair on its face, normally mild manner Milquetoasts will cry "Foul" and make the board's life miserable. Humans are born with a sense of "fairness". (Just ask any toddler and you'll find that Fairness = Mine). Recognizing that humans naturally lean toward self interest, it's best not to enact rules that cross that line.

2. Territoriality. Like "principle", another concern expressed by disenchanting owners is that boards overstep when controlling owner property. While architectural control is generally good for all, getting too picky or inconsistent with enforcement drives many owners to defensive high ground. The board needs to think through rules carefully when they affect owner property. For example, rather than imposing the board's personal taste on appearance standards, develop standards validated by outside "experts" like architects, Realtors, landscape and design consultants.

3. Destiny Control. Most owners want to control their own destiny. Board generated rules can conflict with that need and foster hostility.

Okay, so now that you understand what you're up against, you can form winning rule strategies:

1. Include the Owners. Always, always, always, repeat always, "trial balloon" a proposed rule to all the owners. And why? The board can get myopic about the importance of certain issues. By asking the homeowners for input, you give all a chance to say "Great", "No Way", "Huh?" or actually help shape the conclusion. If they aren't offered this opportunity, you are sewing seeds of discontent. (Remember "Taxation Without Representation"?). Give them a chance to express, or not express, their

feelings. No rule is so desperately needed that the owners can't be polled first. And, if you include them, how can they say later they had nothing to do with it?

2. KISS - Keep It Sweet & Simple. Tone means a lot when it comes to rule making. There is a "sweet" way to say just about anything. Instead of "No loud parties are allowed after 10 pm" try, "Neighbors are cordially invited to late night social functions that wake them up". (Just kidding, but you get my drift, right?). The other part is "simplicity". Don't go on and on about the issue. Get to the point and what the expectation of compliance is. Respect your members' intelligence.

3. Reminders. Since there is no collective memory and turnover brings new and uninformed owners into the mix, it's important to circulate gentle reminders several times a year about certain rules. Avoid signs unless required by law (like parking and pool). Don't beat them with the Rules Stick. Instead, send out newsletters that have "Helpful Suggestions and Reminders".

4. Make the Penalty Fit the Crime. A rule without a penalty is not worth discussing. Make the penalty big enough to get their attention but not so big as to attract lawyers.

5. Right of Appeal. Always give the offender his day in court. Who knows? Maybe there really is a reasonable explanation.

Rules...You can't live with them and can't live without them. But like Aretha sang, if you use "R-E-S-P-E-C-T" to conceive, shape and execute yours, harmony will reign in the "hood".☸

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Sound Advice

There was a time not long ago when wood and other hard-surface flooring

materials were prohibited in some condominiums. People were not about to pay good money to live there, only to have their neighbors' footsteps echo like a tap dance from the floor above.

At the same time, people who could afford to live in high-end condos wanted upscale interior finishes, including hardwood floors. Clearly, a compromise that would shield downstairs neighbors from the noise was in order.

In truth, sound-reduction systems have been used in South Florida, Los Angeles, New York City and other metropolitan areas for many years, sometimes demanded by building codes, more often by condo boards. But, as wood flooring has found its way into more common wall communities, new solutions have evolved to solve the sound-transmission problem.

One of the oldest and most complex solution involves installing sleepers in a bed of mastic with sound-absorbent material installed in the spaces between the sleepers. The wood flooring is then installed over the sleepers.

Simpler solutions include rolls or sheets of foam, cork or other sound-absorbent material installed between the wood floor and the subfloor. In installations over concrete slabs, the sound-absorbent material is often installed above the slab, with a layer of plywood above the material, followed by the finished floor.

A similar system utilizes a foam or cork pad, which is loose-laid over the subfloor. A double layer of plywood glued and screwed together at right angles is then laid over the pad, and the wood floor is nailed into the plywood. To maximize the sound absorption qualities of the system, no metal fastener should penetrate the foam or cork pad, so the fastener should be set to penetrate no farther than the depth of the plywood.

A common and relatively simple foam or cork pad system can be used for either glue-down or floating floors. For a glue-down floor, the pad should be glued to the subfloor, with the wood

flooring glued to the pad. In many cases, the same adhesive can be used for both. Some adhesives also have good sound-absorption qualities, so the combination of adhesive and foam or cork can provide fairly significant noise reduction. For a floating-floor system, the underlayment pad (foam or cork) is loose laid over the subfloor and the wood flooring is floated above that.

Some underlayment manufacturers also recommend installation of a "perimeter isolation strip" at the walls. The isolation strip is designed to prevent impact sounds on the floor from being transferred to the wall and into other rooms.


The cost of these systems can vary, depending on the level of sound-absorption required and on labor costs in different regions. However, most will fall within a range of \$1.50 to \$3 per square foot, installed.

For those poor souls living below tap dancers, sound deadening panels attached to the ceiling can offer relief. Attaching resilient metal channels to provide an air gap to which is fastened 5/8"-3/4" sheetrock will considerably reduce sound transmission. It is relatively inexpensive to install over the existing ceiling and only takes 1-1½" of ceiling height away. It will enhance livability and make the unit more saleable. As a token of good will, the upstairs neighbor may be willing to share of the cost. At least they should be asked. Their willingness to be part of the solution will go a long way toward mending fences. For more on this, see www.controlnoise.com

Building codes or condo requirements may dictate that flooring contractors provide documentation that the installation meets code. Manufacturers of products specifically designed for flooring underlayment will typically provide that documentation. For example, a contractor who purchases cork that isn't designed for flooring underlayment may not get the sound absorption he needs and he certainly won't get the documentation a condo association might demand.

Beyond the demands of building codes

and condo boards, flooring contractors might also find that more one family homes are looking for sound absorption qualities in their floors. If a contractor knows how to provide that sound-absorption, he may find that second-story wood floors are a more attractive option for his customers. And that should remove yet one more place sometimes thought to be off-limits to wood flooring.

By Rick Berg - Hardwood Floors Magazine 

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Checklists
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Painting Tips

Painting is often a homeowner association's most frequent and expensive repair. Paint has a relatively short life (6-14 years depending on the location, surface applied to, tree cover, exposure to sun, wind and rain) yet acts as a critical barrier of protection for siding which is intended to last thirty years or longer. When paint fails prematurely, the siding deteriorates and fails faster. If the siding fails, it often leads to structural dryrot. Cost of siding and structural repairs are massive compared to painting. Failure to paint properly has dire consequences.

One of the most vexing paint failure issues in HOAs involves new construction. New construction can, and often does, suffer from the consequences of "low bidder syndrome". Painting contractors that specialize in new construction often have extremely low profit margins which encourages cutting corners like:

1. Failure to Prime. Unpainted trim and siding requires primer so that the finish coat will adhere properly. While many sidings come pre-primed from the factory, wood trim almost always comes without it so needs to be field primed. Since the finish paint looks the same with or without a primer undercoat, this critical step is often skipped.

2. Application Temperature. 50 F is the minimum temperature that latex paint should be applied. Winter temperatures in many locations can fall below (way below) 50 F. Even if this happens only at night and the temperature rises during the day, the surface temperature of siding can take hours to rise above 50 F. If latex is applied to a surface below 50 F, it will not bond properly and fail prematurely. Most paint contractors will not wait for the correct surface temperature since it reduces production time.

3. Using Oil vs. Latex Paint. Latex paint is recommended for most exterior siding applications because it remains flexible longer and resists solar, wind and temperature degradation better than oil base paint. But when colder application temperature is an issue, many paint contractors will use oil base paint which can be applied at lower temperature. While oil looks as good as latex, it fails sooner.

4. Effects of Heat, Wind & Humidity. Hot, windy or low humidity conditions force paint to dry too fast. High humidity can cause paint to sag and run.

5. Painting Wet Surfaces. In wet climates, it's common for framing, sheathing, siding and trim to be applied in the rain and be thoroughly saturated with moisture. Applying paint to such wet surfaces creates a barrier that evaporating moisture will eventually cause the paint to fail.

6. Premature Failure. As a rule, construction completed in cold, wet weather is likely to suffer from premature paint failure. What this means to a new homeowner association is that the next repaint should be planned in half the normal time. Since the HOA will usually be paying for the repaint, it is important to prepare proper specifications to correct the problems of the past.

7. How Long Will the Paint Last? After fixing the initial paint application failure previously described, a typical paint job will last 6-10 years in a wet climate and 10-14 years in a dry

climate. In wet climates, moss and algae degrade the paint. In dry climates, the sun will fade the paint and solar heat cause it to fail. In both climates, using lighter shades of high quality properly applied paint will maximize useful life since reflecting solar rays and heat prolongs life. Dark colors absorb heat causing the paint to expand and contract more leading to earlier failure. Expect to get 2-4 years less life from dark colors.

Some paint manufacturers claim their paint will last a very long time, like 25 years, and charge a lot more for it. While this long life claim sounds enticing, do you really want to be stuck with the same color for such a long time? Even if the paint could last that long, sun, rain, wind, dirt, algae and moss will degrade the paint much sooner. Take long paint warranty claims with a large grain of salt.

8. Importance of Caulking. Caulking is paint's weakest link. Even when a quality caulking is properly applied, it often fails before the paint, allowing rain to seep in and cause structural damage. So, a critical part of every repaint is caulking. As a matter of fact, it is prudent to inspect and recaulk halfway between each repaint to ensure the building envelope stays water resistant.

9. Affects of Extreme Weather. Exposure to extreme weather degrades paint sooner. Salt air, prolonged cloudy weather, wind driven rain and extreme temperatures lead to premature failure.

10. Site & Maintenance Considerations. Heavy tree cover promotes algae and mold growth on paint. Failure to keep rain gutters clean will cause overflows that damage paint. Modern roof designs often leave siding and trim exposed to more sun, wind and rain than older designs. Such conditions need to be factored into the paint life cycle.

11. Importance of Contemporary Colors. Keeping pace with the latest paint color fashion bolsters market values. At each paint cycle, consider color combinations that are popular. A dated look reduces value.

12. Take Advantage of Free Expertise. In return for buying their product, paint supply companies will prepare specifications to ensure their product is applied properly. Many offer a paint contractor inspection service to ensure that the contractor is following the specifications. Both of these services are free of charge.

13. Paint All Buildings at the Same Time. Due to inadequate reserve funding, your HOA may have gotten into the habit of painting several buildings each year instead of all at the same time. There are several problems with this. Some buildings will have new paint, some will have old paint. Buyers are willing to pay more for a newer look. It is also cheaper per unit to paint all buildings at the same time as virtually all paint contractors will offer a substantial discount for bigger jobs. Bottom line, consolidate multiple paint cycles into one if at all possible. This may require a special assessment but all owners receive equal benefit.

If your HOA suffers from poor paint application, consult with painting professionals to correct the sins of the past. It's also wise to pay more for the application contractor so the job can be done correctly. ☀

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Ending the Charade

Charades is an old party game where one person tries to convey the name of something (an object, person, book title, song title, etc.) to the others by means of pantomime. While entertaining to the participants, a charade is a shallow imitation, a phony.

Sometimes we play out a type of charade in our daily lives. We say "yes" to others because we want to please them or avoid confrontation. We cave in to the telemarketer selling something we don't need or a cause we don't support. Then we hate ourselves for doing it because it's phony.

So how can you deal with the temptation to "go with the flow" and "ride with the tide"? Here are a few suggestions:

1. Admit Your Limitations. Rather than be average at many things, excel at a few by staying focused.

2. Saying No Builds Respect. Pushovers command little respect.

3. Be Polite, but Firm. Avoid being wishy-washy. Make your yes mean yes and your no mean no.

4. Stand Your Ground. When pressed to take on more work, admit you already have your hands full and need to devote your full attention to what you already have before you.

5. Offer Alternatives. Say "maybe" by offering alternatives to the person who is asking. ("I can't do it now, but how about next week?")

6. When You Have to Say Yes. Sometimes, saying no is not possible. Instead:

7. Say you agree just this once. This closes the door to ongoing obligations.

8. Say yes, but remind them they owe you one. This makes the matter a trade.

9. Say yes, but dictate the time table. "I can do it but not until next Tuesday."

10. Limit your availability. "I can only spare two hours."

End the charade in your life and watch your self respect grow. God has a purpose for you that is waiting to fill the void with real joy.☀

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Best Practices
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Life in the Key of F

Francis the Foolish felt little filial fondness for his flawless, fastidious father, Ferdinand the Fourth.

Following one February fortnight, Francis finagled his father to fork over five hundred forty-five farthings and then fled to foreign fields.

Francis frittered away his fortune on fast food, frivolous fashion, floozies, firkins of foaming ale, fickle friends and funky music. Facing failure, Francis found himself flinging feed in a filthy farmyard as a farmhand. Footsore and famished, he fained to fill his flaccid frame with filched food but found it fit for only a footman. "Fie!" flared Francis, "My Father's flunkies fare far finer." Fortunately, the frazzled fugitive finally faced the facts. Frightened and filled with foreboding, he fled forthwith to his faraway family.

He fell fatigued at his father's feet and phrased his feelings: "Father," he fumbled, "I've fuddled and fruitlessly forfeited family favor....forgive me." The far-sighted father kissed Francis' forehead and flagged his flunkies. "Fetch fatlings from the flock and fix feast for Francis. Forthwith! Fall to!"

The first-born, Frederic the Feculent, frowned upon his father's forgiveness of Francis' foolish folderol. "Flog this fiend!" he fumed. He has frittered away our family fortune!" But the faithful father felt that Francis' foibles should be freely forgiven. "Forsooth, the fugitive is found, so what forbids festivity? Fly the flags freely, amid fifes, fiddles and fanfare...fling a feast!"

This parable encourages us to forsake freely flowing festivities. Our Father seeks those who are forlorned and desire forgiveness. He forgives those who see their own failures. Furthermore, this Friend is a real fortress and fresh fountain, taking us at face value like the Prodigal Son.

Adapted from Luke 15:11-31☀

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Truisms

ADULT A person who has stopped growing at both ends And is now growing in the middle.

BEAUTY PARLOR A place where women curl up and dye.

CHICKENS The only animals you eat before they are born and after they are dead.

COMMITTEE A body that keeps minutes and wastes hours.

DUST Mud with the juice squeezed out.

EGOTIST Someone who is usually me-deep in conversation.

HANDKERCHIEF Cold Storage.

INFLATION Cutting money in half without damaging the paper.

MOSQUITO An insect that makes you appreciate flies.

RAISIN A grape with a sunburn.

SECRET Something you tell to one person at a time.

SKELETON A bunch of bones with the person scraped off.

TOOTHACHE The pain that drives you to extraction.

TOMORROW One of the greatest labor saving devices of today.

YAWN An honest opinion openly expressed.

WRINKLES Something other people have, Similar to my "character" lines.☀