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Vendor Courses Library

- Personal Development
- Leadership Development
- Approval for accreditation
With the
Reserve Study
National Academy
Certificate
- For the
association industry

**Personal/Leadership
Principles and Philosophies**

A plan for personal growth

**Having the Association
Debt Free is Where
You Want to Be**

Success is Continuing Education

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Thank you for the desire to
learn and share this time
with us!

Thank you for choosing to be
here and learning how to
better yourself.

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“Having the Association Debt Free is Where You want to Be”

Today we will cover:

1. The simple definition of a **system**
2. What is the association system?
3. The birth of an association
4. Freeloading on the future has always been a model for failure
5. The ethical decisions
6. The mini version of success of an association - 4 Steps
7. Who are we?
8. Team success and a baseball story
9. Compare the two - association model to a business model
10. Key responsibilities of the board of directors
11. Economic forecasting from a reservoir study
12. How do you maximize the owner's (shareholder) returns?

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1. *What is the simple definition of a system?*

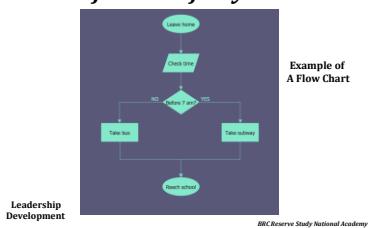
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What is the simple definition of a system?



“Having the Association Debt Free is Where You want to Be”

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A system is a way of working, organizing, or doing something which follows a fixed plan or set of rules.

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**A successful Organization or
Institution is organized
in this way.**

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2. What is the Association System?

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An “Association System” is a fixed plan and set of rules that was originally designed from the developer of the association.

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The declarant chose to build a community with multiple ownership. This is an Association - (Corporation)

Working with the attorney, the declaration of covenants conditions and restrictions (CC&R's) of the association were written.

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CC&R's

- The CC&R's are a set of rules and regulations that govern the use and ownership of properties within a community.
- These documents are legally binding and outline what homeowners can and cannot do with their property, as well as the HOA's responsibilities and obligations.

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Covenants, Conditions & Restrictions

- They are usually enforced by a homeowners' association (HOA), neighborhood associations, or the initial builders/developers of the community. CC&Rs are most frequently seen in planned communities or common interest developments such as condominium complex buildings, industrial parks, or private neighborhoods.
- CC&Rs are usually recorded in the county clerk's office and run with the land. In many cases, failure to record the CC&Rs will make those CC&Rs unenforceable. If the homeowner violates the recorded CC&Rs, the homeowner's association or other overseeing entity can impose penalties.

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An Association System is



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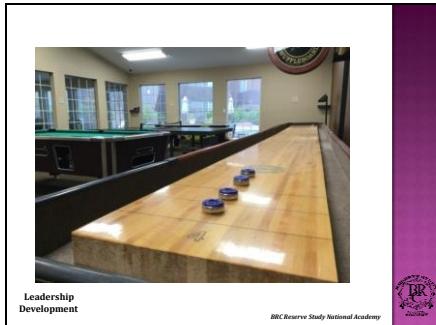


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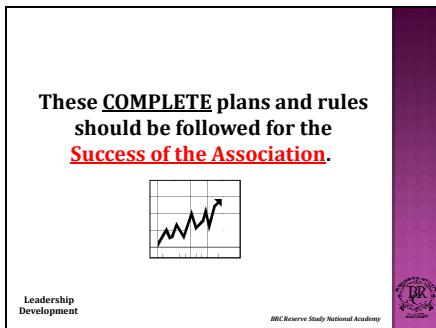
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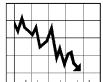


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When these rules and plans are not followed, the Association System is in Jeopardy!



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The system is now in catastrophic failure.



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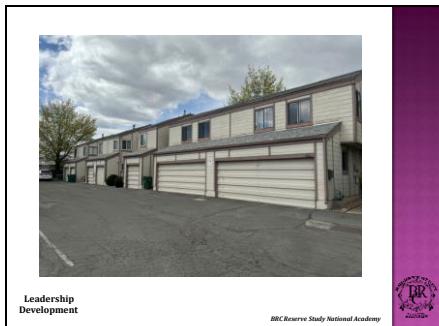
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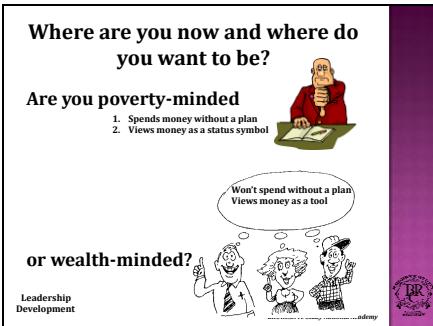
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It has been quoted: *Life should not be a journey to the grave with the intention of arriving safely in an attractive and well-preserved body. It's better to skid in sideways, champagne in one hand and strawberries in the other and the body thoroughly used up, totally worn out and screaming "YaHOO! What a ride!"*

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However, with an association



we would like the first option.

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The lives and health of the associations are being worn out long before their time and not arriving in the future well maintained or preserved.



We have to ask ourselves “WHY”?

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3. At the Birth of an Association

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At the birth of an association, the developer created the **association system** and had a vision on paper of what this association would look like and began to build.



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The association was under his/her control at some point, and then the association was turned over to the first board of directors.



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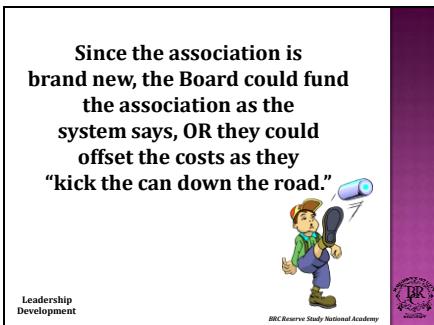
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4. Freeloading on the Future has Always Been a Model for Failure.

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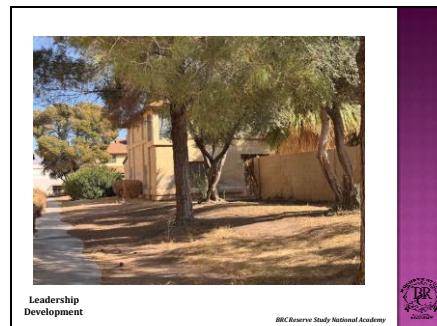


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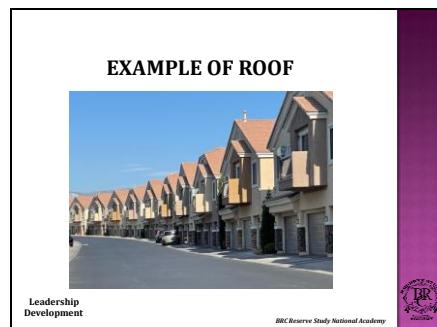
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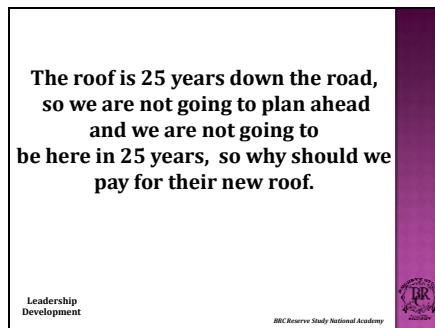
Very familiar quote by so many boards:

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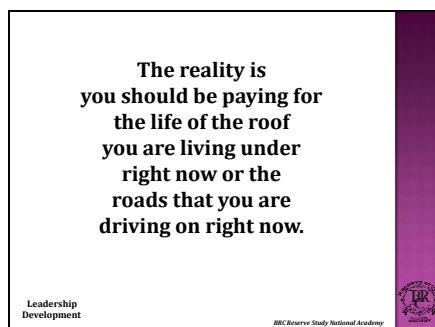
The roof is 25 years down the road,
so we are not going to plan ahead
and we are not going to
be here in 25 years, so why should we
pay for their new roof.

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The reality is
you should be paying for
the life of the roof
you are living under
right now or the
roads that you are
driving on right now.

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When the reserve study is not followed:

The end result is the association is underfunded or not funded, and the association has been set up for failure.



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The Board increased their debt by not paying their fair share.



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Was that an ethical decision?



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5. The Ethical Decisions

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"The ethical decisions that are made are going to increase, not decrease, the value of the association and the property"

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As the value of the association goes down, there is a chance that property prices are pleasing to investors who are looking for rental properties or Airbnb's.

1st Month's Rent FREE

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This might lead to undesirable people living within the community, a vision quite different from the original foresight.



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One of the important points of investing in an association is to keep the financial stability of the property.



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**The value of the association
will never stay equal.**

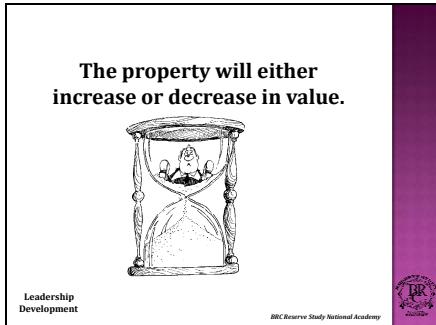


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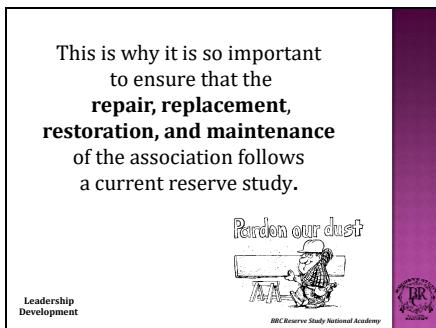
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A Mini Version:

There are 4 principals of success for an association using the Mini Version.

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1. Vision

To always keep the vision of the future of the association on the forefront of any plans and to continually update the vision.

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2. Plans:

To make the reserve transfers so that project and plans can be carried out when the time is right.



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3. Follow-up:

Having a current reserve study done every year to make sure the updated financials are adequate for any of the current plans and projects to be completed.



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4. Repeat the process:

Repeat the vision, plans and follow-up for the greatest success for your association.



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**Properly funding an association
is NOT just a decision,
it's an ethical decision.**



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7. Who Are We?

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**We are who we are and what we are
because of what we
allow into our brains.**



There for we can change who we are and what we are in life by changing our decisions.

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**Decisions are made
several different ways.**



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Sometimes we are influenced by our surroundings or the people we associate with.



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8. Team and Baseball Story

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Baseball Story:
Depending on the level of player
you are and the team you are on,
when playing another team or
dealing with people at a
lower level than you,
you might just find yourself
lowering your standards.

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If you are a board member, community manager, or a vendor you have the responsibility to make the right

“Ultimate Ethical Decisions”



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**for yourself and the business practices
you are engaged in.**

Don't allow yourself to lower
your accountability
because others can't and don't want
to make The Ethical Decisions.

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When you make the decision to make your association debt free, you can work with qualified professionals in the field to make it happen.



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Also understand
there are Small Decisions
and Big Decisions
and don't get them confused
with the progress you are making.



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Some Small Decisions will affect the Big Decisions but not all the Big Decisions will affect the Small Decisions or come from the Small decisions.

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**But the bottom line is the
buck stops with you
and how you think.**



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9. Compare the Two: Association Model & Business Model

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Comparison:
Association Model to Business Model

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A Board of Directors (CEO's) of the Association (Corporation) has a fiduciary responsible to maintain and protect the assets of the Owners (Shareholders).

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The job of a board of directors is to oversee the association's management and operations, acting as a fiduciary for shareholders, and ensuring the association's financial health and long-term success through strategic guidance and decision-making.

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10. Key Responsibilities of the Board of Directors:

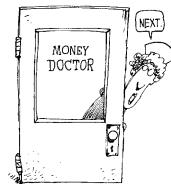
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Strategic Oversight and Planning:



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- Developing and approving the association's long-term strategic plan.
- Ensuring the association's goals are aligned with its mission and values.
- Monitoring the performance of the board of director's "CEO's" and other senior executives.

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Financial Oversight:



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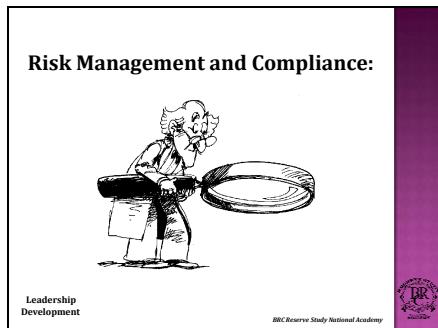
- Ensuring the association's financial health and stability.
- Monitoring the association's financial performance and compliance with relevant laws and regulations.
- Ensuring the association has adequate financial resources.

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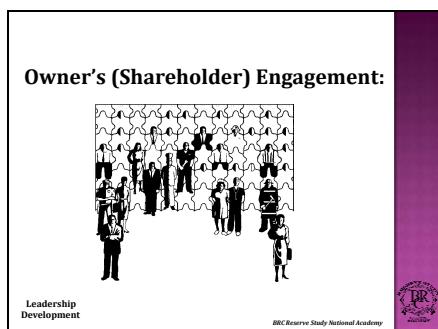
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- Representing the interests of Owners (shareholders)
- Communicating with Owners (shareholders)
- Building and maintaining strong relationships with Owners (shareholders)

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Fiduciary Duty:



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Ethical Decision

- Acting in the best interest of the association and its Owners (Shareholders)
- Exercising due diligence and care in carrying out their duties.

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In essence, the board of director's acts as a critical link between the association's management and its shareholders, ensuring the association is running effectively and ethically, and that the interests of all shareholders are protected.

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Key performance indicators (KPI's) derived from association statistics allow associations to track their **progress, identify areas for improvement, and measure the effectiveness of their strategies** using their **Reserve Study**.

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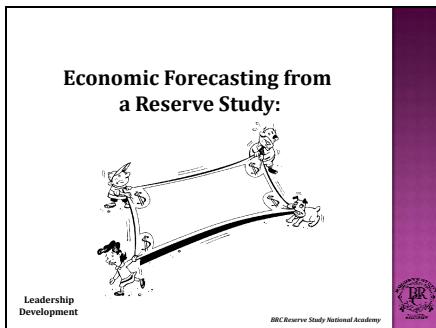
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11. Economic Forecasting from a Reserve Study

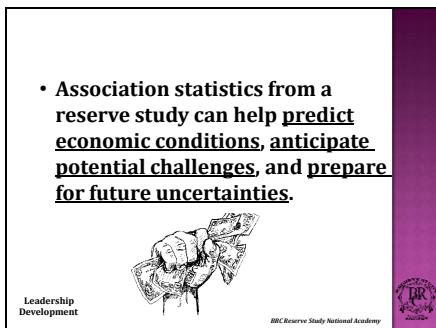
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Where & How the Board of Directors (the corporation's CEO) decides to spend the money that the Association (Corporation) has earned or reserved

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For today and the future.



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BIG QUESTION ???

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12. How do You Maximize the Owner's (Shareholders) Returns?

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In the pursuit of maximizing the Owner's (Shareholder) value,



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effective Capital Allocation
stands as
a cornerstone
strategy for Associations
(Corporations) worldwide.

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It involves the strategic direction of financial resources to areas that yield the highest returns, balancing risk and potential outcomes to enhance long-term value for Owners (Shareholders).

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It is the only way to help everyone succeed and it's your choice.



**What you put into your
Association you will
get out of it!**

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Now you have a better understanding:

- What an association system is, how the system was brought about.
- Why it's so important to not freeload on the future.
- Why comparing the Association Model to a Business Model is so important.
- Why you need to make ethical decisions.
- How you can make an association successful.
- What the greatest responsibilities of a board of director are and how to maximize the returns for the owners of the association.

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Thank you for joining us on this adventure of
**Having the Association
Debt Free is Where
You Want to Be**

Keep checking back for other great courses and information.

Have a wonderful day from everyone here
at Better Reserve Consultants.

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