This is a Part Three of a new chapter destined for the next edition of our book "Reserve Fund Essentials" (RFE). To access Parts One and Two return to the Articles page of our site and look for the "new" sticker and select Part One.

RFE is currently a 17-chapter, 94-page treasury of need-to-know ideas and insights into the creation and management of reserve funds. All of it is written with one purpose in mind … to keep your reserve fund balances healthy. To learn more about RFE as well as several other tools for managing your reserves (some of them totally free) we invite (no … urge!) you to click around on our website.

Overcoming Resistance To Your Reserve Fund's Contributions Plans

PART THREE

In Part One we tackled some of the elements that contribute to resistance in general. In Part Two we focused on the problem of a Board's reluctance to bring a good plan to the owners, where it might meet with opposition. In this section we'll look at tactics that could help to reduce owners' objections to a required contributions increase. We'll see how we can win friends and influence people.

Let's first explore what reasons people give when they do not want to see the plan adopted — that is, in order to escape the dreaded passing of a motion to demand higher monthly payments.

- The favorite. "I may move some day and I won't be able to recoup the money I've paid into the reserve fund".
- Or … "I just can't afford it. Everything gets more expensive, and this is one increase we can avoid".
- "How do we know the plan is a good one? Who's to say all the repairs on your computer spreadsheets are actually going to be required?"
- "Last year they put new carpeting in the South Wing but did nothing where I live. I keep paying for improvements that benefit others".
- "What's the worst that can happen if we don't raise the fees?"
- "The Board is incompetent, dishonest, careless or 'unintelligent'. Or all of the foregoing."

Let's take them, one-at-a-time in the above order. An effective[1] response to the first one might be something like this —

It's true, as the saying goes, "you can't take it with you". Whether it's about moving or dying. But there is an obligation to pay our way as we go through our lifetimes. During the occupation of your

[1] We really mean "relatively" effective. That is, if one does the things we suggest, it's likely that the outcomes will be more effective than if one does not do them. "Absolute" effectiveness is the result of a number of factors. In the context of our attempts to win over the other side to our point of view, these factors might include the real or perceived experience of the speaker, the natural intransigence of the complainer, the preparedness of the presenter and his or her ability to address the other party in a clear and objective manner. And so on.

unit, you have been responsible for part of the wear-out that constantly occurs. You have walked on the carpets, used the elevators (probably), and been around while the winds blew and the rain came down and the sun shone, affecting the paint, the brickwork and the driveways. You have been cooled by the air-conditioning, warmed by the heating system, and showered by the hot water from the boilers. Money is required to bring all the elements of the property up to scratch, and to keep them that way. All that money is spent for your contentment and for maintaining resale values. Besides, if reserve contributions aren't collected you would walk away some day and leave behind a community that had deteriorated and that had no money to pay for restoring it. Is that really what you'd like to do?

The second one — simply can't afford it — is a toughie. It's not easy for people, at a public meeting, to say it, but if the property has a disproportionate number of senior owners, someone stating this might evoke a lot of sympathy. You might, then, want to say something like …

Yes, on a fixed income, all price increases are hard to take. But the reality is that even though inflation has been relatively low lately, much of what the property spends its money on has seen more rapid cost increases. Some workmen's costs have risen by 15% over the last two years. We were in danger of losing our caretaker by not paying the going rates. The driveway re-paving uses oil-based tar so it's much more expensive. You know that certain items in your personal budget have zoomed upward lately — gasoline is the prime example. The alternative is to not do the repairs, to get less-qualified help, to put up with an axle-breaking driveway. Then what happens? Your community begins to look shabby, selling a unit becomes difficult, the people who would have agreed to pay for better upkeep move out, and the spiral continues, downward. The end result is that your investment — possibly your biggest single investment — goes into a nose-dive. The increase we're recommending isn't really an option. It's a must.

Our third item — the plan may not be good — should be easy to answer. If the Board has engaged a reputable planner with professional qualifications, and an impressive client roster this criticism should be put to rest quickly. But how, exactly, do you do it?

It depends. If you get the chance to meet with the dissenter one-on-one you can trot out the specialist's detailed plan. Point out the exhaustive list of components. Describe how each one is individually analyzed regarding its life expectancy, and the costs of repairing or replacing it. Show how the predicted opening and closing balances are computed, including the interest-on-your-money factor. And, most importantly, demonstrate that if the recommended funding amounts were watered down the balances would become perilously low. Maybe even "negative".

If this objection surfaces at a general meeting, you won't have the time to go into this much detail but (unless you've prepared a flip chart or PowerPoint presentation beforehand) you'll just have to do it with well-rehearsed words. In fact, why not even do a "what if" that uses lower funding numbers? It would convincingly illustrate what the balances would look like.

Here's another idea. Have the planner attend the meeting to explain how he or she went about creating the plan. This idea assumes the planner is a reasonably good speaker and can hold his or her own with the audience. And it assumes as well that the planner's presentation has been thought through ahead of time. It's not the place for ad-libs or fancy-footwork. One downer … the planner may charge a fee for attending the meeting if the task wasn't part of the contract with him or her. It would be money well-spent, we believe.

Now we come to the fourth and fifth items items on our list, above. Both of them can be handled easily, we believe.

The notion of paying for someone else's benefits: Well, it happens all the time. The community a mile down the road gets a new park. Bus service in the south end of town is improved and you live in the north end. Your kids have finished school yet you still pay school taxes. Our point? Your association is a "community" just like a town, a county, a state, or indeed a nation. The argument that every payment must bring direct benefits to the payer is indefensible. Case closed.

The question about the worst that can happen? The answer is … your community will face a quickening downward spiral. Dilapidated buildings and grounds, more renters and absentee unit owners. Lower resale values, and in time virtually valueless assets. These scenarios are, regrettably, not fictional. But they don't "just happen". They happen precisely because when the need for adequate contributions is incontrovertibly demonstrated, people still prefer to go into denial.

Finally, the last "beef". And a nasty one it is.

On a purely technical note, the answer to attacks on the Board of Directors could simply be that rules are in place in the association's charter, (or declaration, or constitution or by-laws) that explicitly describe the processes related to the election and removal of Directors. These should be at hand, and referred to if necessary at the appropriate time.

But quoting from the constitution is not nearly as good as winning over, or at least mollifying, complainers with the kinds of approaches that Dale Carnegie proposes. There's a long list of them and they include …

- Using the person's name when you address him or her.
- Listening. Demonstrating that the person's opinions merit your attention, at least.
- Admitting it, when the Board has indeed blundered, and adding what you intend to do to ensure it won't happen again.
- Making the other person feel important and do it sincerely.
- Asking questions. Making sure you understand exactly what the complaint is about. Asking what your complainer would have done under the same circumstances.
- Dramatizing your ideas with examples, analogies, charts, and quotes from authorities. We covered this fully in Part two where we stressed the need to anticipate questions and objections. If you anticipate, you can prepare!
- Referring to the more agreeable parts of the grievance before explaining why the other parts may not be justified.

Not to be overly touchy-feely about it all, there are times of course when you must close down a debate and state that the parties must finally "agree to disagree". A Board must walk the line between acquiescence and dictatorship. The Board has been elected to head up a democratic, republican society — if we can use the two words in the same sentence! — not a kingdom. The Board Members' constituents are also their neighbors, and a happy community isn't possible where over-the-fence battles prevail.

The end! Well … one more thing. We don't pretend to have a fix for everything. You may have some observations, ideas, or experiences that could add to the things we've said in our three-part offering. If you have, please send them along and we'll add them to our collection of new material for future publication.

This article was written by Graham Oliver, Graham offers the RFund suite of reserve-related market offerings. These include RFund software that's designed to

help you develop and stay on top of your reserve fund picture, the book (as a co-author) “Reserve Fund Essentials”, and a few sub-products that are available at no charge. Be sure to visit more of this site’s menu selections to learn about the full range of available products and services.