

SAMPLE REPLACEMENT RESERVE STUDY AND FUNDING POLICY

ASSOCIATION NAME: _____

ADOPTED: _____

1. Reserve study (will be / was) performed by
The association
Third party provider
2. The association (will / has) perform(ed) a reserve study on _____ (date).
3. The association (will / has) perform(ed) a reserve study based on:
Physical analysis – condition of existing common elements and future needs
Financial analysis – ability to raise and maintain funds for reserve needs
Both physical and financial analysis (recommended)
4. The association will update the **financial analysis** of the reserve study every _____ (frequency of update). The updates will be performed by:
The association
Third party provider
5. The association will update the **physical analysis** (if applicable) of the reserve study every _____ (frequency of update). The updates will be performed by:
The association
Third party provider
6. Reserve funding goals (will be / was) based on:
Full Funding – Funding strategy is to attain and maintain the reserves at or near 100 percent
Baseline Funding – Funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balances does not drop below zero during the projected period.
Threshold Funding – Funding method is based on the baseline funding concept. The minimum reserve cash balance is set at a predetermined dollar amount. The threshold amount (is / will be) set at \$ _____ (amount)
Cash Outlay Requirement – Reserve cash requirements are satisfied when the need arises through special or regular assessments. (This plan has the most risk and is not recommended).
Other _____
7. The association has a plan for funding the work recommended in the study:
No
Yes – reserve funds will be provided through (check all that applies):
Regular assessments
Special assessments
Borrowing/Debt
Other _____

This information is intended for informational purposes only. We recommend that you consult your legal council prior to adoption of a reserve policy to ensure it is consistent with your governing documents.