Association Reserves, Inc.

- In business since 1986
- Specific, tailored product
- Serve common interest real estate developments worldwide
- Industry leaders in volume and experience
- www.reservestudy.com

What is a Reserve Study?

- Required by CA Civil Code every 3 years
- Analysis of association’s financial health with regard to long-term capital planning
Physical and Financial Analysis

- On-site inspection
  - Pictures, measurements
  - Conditions, problems
- Research and inventory data input

What is included in the study?

- Projects/components included based on National Standard 4-part test:
  - Must be common area
  - Well-defined limited useful life (UL)
  - Predictable remaining useful life (RUL)
  - Above a threshold cost
Costs and Lifetimes

- Determined by:
  - Client’s history
  - Vendor estimates or recommendations
  - ARI Pricing Guide (25 years of compiled data)

Outcomes

- Percent-funded: summary of association’s financial health
- Recommendations for monthly contributions and special assessments
- Useful schedule for planning future projects
- Identification of potential problems and opportunities for preventive maintenance
Importance of Reserve Study

- Legal requirement
- Know where you stand
- Prevent surprises and shortcomings
- Maintain property values
- Healthy Reserve account is a cushion against the unexpected

Village Green O.A.

- Reserve Study History
- Most recent site inspection
  - May 29, 2009
First Impressions

- Historic, unique development
- Knowledgeable on-site (former) manager
- Major infrastructure replacements/repairs
  - Recommendations based mostly on 10-year budget plan assembled by VGOA
- Decision-making handicapped by lack of funds

Key Projects – Common Areas

- "One-time"
  - Concrete walkway repairs
  - Irrigation System
  - Well refurbishment allocations
  - Plumbing and sewers
  - Electrical wiring

- Repeating/Cyclical
  - Asphalt maintenance
  - Clubhouse interiors
  - Utility vehicles
  - Pole lights
  - Well maintenance
Key Projects – Residential

“One-time”
- Concrete repairs
- Brick serpentine wall repairs
- Plumbing
- Electrical
- Soil subsidence

Repeating/Cyclical
- Exterior painting
- Roofing

Key Projects – Garage Courts

“One-time”
- Plumbing and sewers
- Electrical wiring

Repeating/Cyclical
- Asphalt maintenance
- Exterior painting
- Roofing
Recent Financial History

Special Assessment Recommendations
2011 FY-Results/Recommendations

- Percent funded: 2.3%
- Recommended Monthly Reserve Contribution: $65,000/month
  - Currently $46,855/month
  - Annual increases of 5% for 8 years, then 2%
- Special assessments:
  - 2011: $7,548,000 ($12,000/unit)
  - 2012: $5,032,000 ($8,000/unit)
  - 2013: $2,516,000 ($4,000/unit)
Final Impressions

- Major changes needed ASAP
- Impending projects are critical and should not be deferred any longer
- Expenses will not disappear...only change forms
  - Monthly contributions
  - Special assessments
  - Bank loan
  - Declining property values

Unique Opportunity...
Thank You