



# HOW MUCH DOES IT COST TO DO A RESERVE STUDY?



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Reserve Studies are intended as a tool to anticipate and budget for the expense of repairing, refurbishing, or replacing common areas in an Association-governed community. In order for these shared locations to be properly maintained, enough funds must be allocated to “reserves” so that any deterioration and/or damage that occurs on the property may be fixed in a timely manner.

One of the most important responsibilities of any well-managed Association is the routine upkeep of the property so that property values are protected and homeowners and tenants feel safe and comfortable living within the community. Any property that is allowed to fall into disrepair and become a general eyesore is a result of an irresponsible Board of Directors.

To avoid this from happening, a Reserve Study is absolutely essential so that sufficient reserve contributions are being dedicated to cover predictable and inevitable repair and replacements costs. When a Reserve Study is conducted, a funding plan is established for there to be adequate financial resources so that alternate means of funding, such as a Special Assessment or loan, will not be necessary.

## FACTORS THAT AFFECT COST

In order to determine how much it will cost to conduct a Reserve Study of your property, the first factor is the type of Reserve Study required. National Reserve Study Standards define three levels of service:



## TYPE OF STUDIES

### FULL RESERVE STUDY

A “Full” Reserve Study is appropriate for Associations that have not yet had such a study conducted for their property. It should normally only be required one time and always includes a site inspection. Additional time on the site will be required to measure and/or quantify the common area. This information is used to create a Component List ‘from scratch’. This level of Reserve Study is also suited for an Association that wants a second opinion on or is uncomfortable with the accuracy of a study conducted previously.

### RESERVE STUDY UPDATE - WITH SITE VISIT (WSV)

This level of Reserve Study is typically done every 3 to 5 years to visually document component changes. Since counts have already been conducted, and measurements have already been taken, there is no measuring or quantifying during the site inspection. As a result, it is less time-intensive and less expensive than a FULL study. An Association that feels comfortable with the accuracy of their Component List, as already established in a previous study, is a good candidate for this type of Reserve Study.

### RESERVE STUDY UPDATE - NO SITE VISIT (NSV)

This Reserve Study does NOT include a site inspection. It is recommended as an inexpensive update of a prior Reserve Study that is performed annually in the years between WSV-based studies. Because there is no onsite inspection involved, it is the least expensive level of service. Component information is “updated” at the office, based on conversations with management, maintenance staff, and vendors about repairs & replacements that have been completed since the prior study.

**Aside from the various levels of service, there are five factors that will ultimately influence the cost of a Reserve Study:**



## COMPLEXITY OF PROPERTY

Is the study being done for a community of townhouses or a high-rise midtown building? The costs can be greatly impacted here due to the scope of repairs or replacements included in the study. The more complex the property, the more building components that need to be included for study, such as air conditioners, boilers, elevators and other equipment that operates on a daily basis.

## Size of the Property

What is the scope of the common area? This is rather simple and straightforward as it relates to the overall size of the property being studied. For WSV-based studies, the number of buildings, number of units, number of stories, overall acreage and amenities will have a strong influence on the cost.

## LOCATION OF THE PROPERTY

Is the property located in proximity to the Site Inspector? This is important for Reserve Studies that require a site inspection, as any travel-related expenses will serve to increase the cost.

## TIME OF YEAR

Reserve Studies are typically prepared in advance of the fiscal year. Since most properties operate on a Dec 31 Fiscal Year End, “off season” for Reserve Specialists generally means January-to-May while “busy-season” means June-to-December. Reserve Studies prepared in the off-season will be slightly less expensive.

## TURNAROUND TIME

Boards of Directors that plan ahead will benefit from the more attractive cost of a Reserve Study with longer turnaround time. Studies that need to be done on a “rush” basis usually carry a premium price tag.



Understanding all of the factors affecting cost, a “Full” Reserve Study will always be the most expensive product, due simply to the amount of work involved. Due to the variety and diversity of Association-governed communities, the cost can be wide-ranging, A good rule of thumb for a “Full” Reserve Study is that the cost is typically less than 1% of the Association’s annual budget. A Reserve Study Update- WSV in turn, will typically cost 50%-80% of a FULL Reserve Study cost. Due to the limited scope of work, a Reserve Study Update- NSV is the least expensive and most affordable, at 25%-50% of the cost of a FULL Reserve Study.