



5 THINGS RESERVE SPECIALISTS WISH MANAGERS KNEW



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www.reservestudy.com

#1. WE'RE NOT GUESSING ABOUT THINGS 20-30 YEARS INTO THE FUTURE

We know a lot about buildings and we know what we see. So that's what we report... the current condition of your physical assets. We report the current new or deteriorated (or somewhere in-between) condition of each of your association's physical assets. Combining the current condition with the expected useful life of that component, we can predict the next time that project will need to be performed. That allows us to lay out anticipated inflated costs in those future years. We then create a Funding Plan, based on how much cash is in reserves now, so there will be sufficient cash for those upcoming projects. We consider every Reserve Study to be a one-year budget recommendation, so we don't wait around for 30 years to see if those estimates come true. We expect to be hired to come on site every three years (with no-site-visit updates prepared annually in between), which is industry best practice. During those updates, we'll re-establish the current condition of your Reserve components and their current repair or replacement costs, match it up against your current Reserve fund, and create an updated Funding Plan. There is no need for anyone to rely on estimates for projects far into the future. The true value of a Reserve Study comes from incremental adjustments along the way, each time based on current conditions and your current Reserve Fund balance.

#2. THE RESERVE STUDY IS A SUMMARY OF OUR PROFESSIONAL FINDINGS & RECOMMENDATIONS, NOT A REFLECTION OF "WHAT THE BOARD WANTS"

We are credentialed professionals. It's our company logo on the cover of the Reserve Study and our reputation on the line. If a legal controversy were to arise, we need to be able to stand before a judge and truthfully testify that the report accurately reflects the status of the association and our recommendations, based on our experience and expertise. We don't use numbers provided to us that are unsubstantiated. You've hired us to give you our expert opinion and that's what you'll get.

#3. WE NEED YOUR HELP

To be more accurate, tell us the facts, based on the records you have on hand. We'd like to know what projects were accomplished at the association, when, by whom, and at what cost. We dislike having to read between the lines, forcing us to create Reserve Studies with less accuracy than is desirable. Tell us what the association has been doing, and we'll effectively use those costs and projects to help customize the report to the association. But if you really don't know, we understand!

To speed up the process, please be responsive to simple questions like, "what is the latest Reserve Fund Balance"? We've had Reserve Studies held up for weeks because a Manager hasn't responded in a timely manner to a simple request. Oftentimes, we catch blame for missing a crucial Board or committee meeting deadline. We know you're busy, but we're on the same team serving the association.

#4. TERMINOLOGY – USE IT CORRECTLY.

CAI's National Reserve Study Standards recognizes three main types of Reserve Studies: Full, Update With-Site-Visit (WSV), and Update No-Site-Visit (NSV). A "Full" Reserve Study is created from scratch, based on a diligent visual site inspection and usually only needs to be done once for an association. An "Update WSV" is a site-inspection-based update to a prior Reserve Study. An "Update NSV" is an inexpensive update to your Reserve component expenses and your Funding Plan. So please don't ask for an expensive and unnecessary "Full" Reserve Study when all the association really needs is an "Update".

#5. WE DO HAVE SOME FLEXIBILITY...

When an association is facing a cash-flow crisis, we can often propose alternative funding solutions. Help us know what most closely fits with what the Board has likely been anticipating. Are they looking at a one-time special assessment, a multi-year special assessment, temporarily increasing their reserve funding, or applying for a loan? You know their tendencies best and how they operate. We want to be on the same page with you and the Board, guiding the association effectively to the future.