



5 THINGS RESERVE SPECIALISTS WISH MANAGERS KNEW



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We love supporting hard-working managers across the country, helping them as they coach, counsel, and cajole their association clients successfully towards the future. To help make your job a little easier, we wanted to provide responses to the five most common misconceptions that trip up and confuse managers (and their Boards) about Reserves.

#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 anticipate the next time that project will need to be performed. 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), which is industry best practice. During those updates, all condition and cost observations will be updated. There is no need for anyone to rely on estimates for projects far into the future.

#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. 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. 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 know you're busy, but our questions are usually pretty simple. Remember: 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 remember that usually what you want is a With-Site-Visit Update, not another "Full" Reserve Study.

#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 you and the Board have been anticipating. Have you been warning them of a one-time special assessment, a multi-year special assessment, temporary reserve funding increases, or applying for a loan? Often we have options, and where possible we want to align with and support you.

Are there things Managers wish Reserves Specialist knew?

Please let me know at RNordlund@ReserveStudy.com
and we will use it as the basis of a follow-up article!