

Utilizing Technology in Reserve Management: Tools and Best Practices

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Introduction:

Being a board member is hard. Managing associations is hard. There is so much to do, all the time! In the area of Reserves, board and management are responsible to provide the budget to accomplish huge (yet predictable) projects in a timely manner... projects that typically take years of financial preparation. And that means accumulating a significant Reserve balance to offset ongoing deterioration, so the funds exist when needed.

Investments:

It's nice to have the financial institution providing significant interest to the association. Every dollar of investment earnings means one less dollar of funding required of the homeowners. But how safe does that investment need to be? What about the \$250,000 FDIC insurance limit? What are appropriate interest earning expectations? How does one keep it "liquid" (available to spend when you need to spend it) when all the good (high-yielding) investments require you to "lock it up" for years at a time? And isn't managing all those investments time-consuming?

Reserve Planning:

And then there is the question of tweaking your Reserve Study. What is our 30-year plan with the funding rate we finally approved (slightly different from what was recommended in the Reserve Study)? What does that plan look like if we defer painting the ironwork a year? And is changing our Reserve accounts to another institution "worth the effort" to get a little more interest?

Technology:

That's where technology comes to the rescue. Now there's a company (HOAInvest.com) that answers the question board members have been asking us here at Association Reserves for years... where should I put my Reserves so they are safe, accessible, and get maximum interest? Also in this webinar, we show our new online Reserve calculator uPlanIt tool (released in 2019/2020) that allows boards and managers to make changes to the information appearing in their Reserve Study, so they can customize the plan to their association, and print the actual numbers that result from that plan.

Conclusion:

Budgeting is hard, but technology is rising to help you. From online tools like uPlanIt that allow you to see "what happens when we do things a little differently", to new companies like HOAInvest.com offering the service that you were hoping someone would provide (investment expertise!), help is on the way. Just as you would have hoped! So enjoy the webinar, and because you now know of these two new tools we hope you have a little less dread of next year's budget season. Enjoy!

Other Links:

HOA Invest can be found [here](https://HOAInvest.com).

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"Understanding Reserves" book (**updated for 2025**). Order single copies on Amazon [here](https://www.amazon.com/dp/B08JLQJQJQ), or download chapter one for free [here](https://www.associationreserves.com/resources/understanding-reserves-chapter-one).

Read or download our white-paper "Navigating Inflation and Investments: Strategy Guide for HOA Reserve Funds" [here](https://www.associationreserves.com/resources/navigating-inflation-and-investments)

Want an experienced professional to prepare your next Reserve Study update, ensuring appropriate component selection, life estimates, pricing, and development of an appropriate Funding Plan *custom designed* for the needs of your association? Launch a free online proposal request by clicking [here](https://www.associationreserves.com/request-proposal).

Looking for local expertise to prepare (update) your next Reserve Study?
Click [here](https://www.associationreserves.com/offices) to see our network of offices across the country (serving clients in all 50 states!).



FAQs

Disclaimer: We're grateful for all the questions shared during our live webinar sessions. Due to the high volume of inquiries, similar or duplicated questions may already be addressed in the FAQ section below. If your question requires a more detailed explanation or if you're seeking further information on the topic, we encourage you to contact your local Reserve Study provider — you can find their contact information [[here](#)].

Q: What is the difference between an Operating expense and a Reserve expense?

A: Most attendees seek clarity on this. The key rule: a Reserve expense must be a common-area responsibility, with a reasonably predictable life expectancy, and a cost that is “material” (significant) to the association, meaning commonly above 0.5% to 1% of the annual budget.

Q: What is the 3-part test for including something in the Reserve Study?

A: See above. Per national Reserve Study Standards, it must:

- Be a common-area maintenance responsibility
- Have a reasonably predictable life expectancy
- Have a cost that is “material” (significant) to the association, meaning commonly above 0.5% to 1% of the annual budget.

Q: How often should we update our Reserve Study?

A: National “Best Practice” is a With-Site-Visit update at least every third year, with No-Site-Visit updates annually in between. That's because all Reserve Study information (Reserve balance, conditions, costs, interest, and inflation) all drift from “the plan” within a year's time.

Q: Is 70% funded “good enough”?

A: Yes. Your target should be the 100% Funded level (Fully Funded), where the cash in Reserves is equal to the dollar value of deterioration at your property. But studies show that there is essentially no further reduction in special assessment risk once an association is above 70% Funded.

Q: What if our Reserve Study doesn't include a component we know we need?

A: Reach out to your local credentialed Reserve Study provider. It may be added if it passes the 3-part test. Timely updates ensure your plan is accurate through the years, helping you plan effectively for the care of your property.

Q: How do we convince reluctant board members or homeowners to fund Reserves?

A: In most cases, you don't need to “convince” the homeowners. It's their duty to pay the rate of homeowner assessments that the board sets. For board members (and in the associations where homeowners vote to “approve” the budget”), remind everyone that

deterioration is real, maintenance and replacements are expensive, and it is the board's responsibility to budget for the sustainability of the association. Frankly speaking, remember that you have no control over the expenses. Mother Nature and Father Time ensure that everything is in a constant state of deterioration. Your only choice is if you pay the cost of that deterioration evenly, on an ongoing basis, or in periodic unsettling special assessments.

Q: Can we use Reserves for preventive maintenance?

A: Yes—if it significantly extends the life of the component and passes the cost threshold. Routine care still belongs in the Operating budget. Discuss further with your local credentialed Reserve Study professional.

Q: What happens if our Reserve Fund is over 100% funded?

A: Do not pause contributions. Your provider may recommend a slightly reduced rate of Reserve Funding in order to gradually deplete that surplus over time.

Q: Can Reserve Funds be borrowed or used for emergencies (like insurance premiums)?

A: Sometimes. Check with your legal counsel to see if it is prohibited by your Governing Documents or State law. If borrowing is allowed, ensure all borrowed Reserves are restored in a timely manner. Some states (e.g., CA & WA) require any borrowed Reserves to be repaid within a specified (relatively short) period of time. It is inappropriate to expend Reserves for Operating expenses (like insurance premiums). Operating Fund shortfalls are an indication that your assessments need to be raised.

Q: Why are actual project costs sometimes higher than what's in the Reserve Study?

A: Often the culprit is an old Reserve Study (not for the current year). Reserve Study costs are estimates prepared to the best ability of the provider. If you find some costs in your Reserve Study were understated, challenge your Reserve Study provider with that news and request a revision or commission an update.

Q: What is Percent Funded and how is it calculated?

A: Percent Funded is a relative measure of Reserve Fund strength:

$$(\text{Actual Reserve balance} / \text{Fully Funded Balance}) \times 100$$

Note that the Fully Funded Balance is the cash value of all the Reserve component deterioration at the association.

Q: Can we delay Reserve projects or substitute alternatives like patch repairs?

A: Yes—but with caution. It may lower costs short-term but often leads to higher future expenses or safety concerns. It is best to discuss with your local credentialed Reserve Study provider to discuss phasing, delays, or interim repairs.

Q: Do different vendors produce different Reserve Study results?

A: Yes, even under national standards. Differences may arise due to assumptions about maintenance, cost sources, professional judgment about the amount of deterioration, and the selection of a Funding Goal (Full Funding is a conservative goal, Baseline Funding is an aggressive/risky goal, and Threshold Funding can be any level in-between). Please discuss differences and strategies with your local credentialed Reserve Study provider.

Q: How should boards handle underfunded Reserves without alienating homeowners?

A: Transparency and clear communication are key. Explain that prior underfunding has created a “legacy burden” that needs to be confronted. Explain that the ongoing cost of deterioration has exceeded Reserve Funding, and the association needs to increase Reserve Funding to prepare for upcoming projects. Homeowners may have enjoyed lower assessments for years, but that assessment structure was unsustainable.

Q: Can a homeowner or board member prepare a Reserve Study themselves?

A: In most states, they can. But it’s never recommended. Lack of expertise and lack of independence are significant obstacles. Reserve Funding is commonly 15-40% of an association’s total budget. For a budget line item that large, an understated funding recommendation can result in deferred maintenance or special assessments that cause home values to drop far in excess of the cost of a Reserve Study. Boards should rely on credentialed professionals.

Webinar Questions Asked by 2025 Attendees

GENERAL RESERVE QUESTIONS

Q: What does Association Reserves charge for a Full Reserve Study?

A: Generally, a “Full” Reserve Study costs less than 1% of an association’s total budget. Our fees are based on the time we expect to invest in the project, which depends on # of units, type of association, its complexity (the number of common area amenities), the association’s age, its Fiscal Year End (whether it is on 12/31 and we need to handle it with a seasonal rush, or on a different months-end when we can offer a discount), and physical distance from one of our 17 regional offices. Note that Update With-Site-Visit Reserve Studies are typically 60-80% of the cost of a “Full” Reserve Study, and Update No-Site-Visit Reserve Studies are typically in the range of 20% - 40% of the cost of a Full Reserve Study.

RESERVE COMPONENT QUESTIONS

Q: I saw Tree Trimming as a component in your uPlanIt report. We were told we couldn't reserve for this by our attorney. Are we able to?

A: We respect attorneys for many reasons, but not for their ability to apply national Reserve Study Standards. The bottom line is that if a project meets all three elements of the three-part test (common area maintenance responsibility, reasonably predictable, and above a cost that is significant to the association), it is a legitimate Reserve expense. In many associations, Tree Trimming projects meet these three criteria and their Reserve Study professional include funding for the project as a Reserve project.

Q: Should I be adjusting my component list items as projects are completed?

A: No. Your Reserve Study is an annual budget planning tool. Keep notes about what is changing, but your Reserve Study is not primarily designed to be a “record” of what has been done and when throughout the year. Because costs, cash in Reserves, and the condition of your components are always changing, it is important to update your Reserve Study regularly (annually, as part of the budget preparation process for the upcoming year). This keeps your annual Reserve Funding “up to date”.

UPLANIT QUESTIONS

Q: My HOA is just now getting our Reserve Study With-Site-Visit which we do every 3 years. Will we be able to use uPlanIt for the full 3 years between studies?

A: Yes — that's exactly what uPlanIt was designed for. It bridges the gap between formal Reserve Studies, allowing you to track projects, update costs, and visualize your funding progress throughout the 3-year period. Think of it as your "living Reserve Study" — always accessible and always up to date. While the first budget season's access is free with preparation of your professional Reserve Study, subsequent years access can be purchased for a \$399 seasonal subscription.

Q: Can uPlanIt be purchased separately from a Reserve Study?

A: Yes. While uPlanIt works best when paired with a current Reserve Study, it can also be purchased on its own. Some associations use it to manage their Reserves internally or to visualize data from a past study. The cost is \$399 per budget season. We recommend using uPlanIt in-between regular professional Reserve Study updates.

Q: If we buy uPlanIt in November, how long do we have to use it?

A: Your uPlanIt access is through the end of your Fiscal Year, plus an additional three bonus months. So if you are working with uPlanIt in November for your Dec 31 Fiscal Year End, you'll have access to uPlanIt through March 31 of the next year (after which it's time to take a short break, before starting on a new project to update your budget for the subsequent year!).

HOA INVEST QUESTIONS

Q: How is it a conflict of interest if the Board is managing their association's investments?

A: The key issue is fiduciary oversight versus personal control. Board members are fiduciaries — they must act in the best interests of the association, not as individual investors. If Board members are directly selecting or managing investments, it could expose the association to unnecessary risk or the appearance of self-dealing. By working with an independent advisor through HOA Invest, or other 3rd party investment advisor, the board can maintain transparency and some oversight while delegating day-to-day investment decisions to a qualified professional. This keeps liability off the board, compliant, and in your community's best interest.

Q: What is the fee that HOA Invest charges?

A: HOA Invest charges a low, transparent annual fee of 0.80% based on assets under management. There are no hidden commissions or transaction fees. This structure

ensures our incentives are perfectly aligned with yours as fiduciaries— we succeed when your association’s reserves grow safely and steadily, making the relationship a win-win.

Q: Is the HOA Invest tool available to non-HOA Invest clients?

A: The investment platform itself is exclusive to HOA Invest clients, since it integrates with our managed investment services. However, educational tools and resources — such as allocation guidance and Reserve cash flow tracking — are available through Association Reserves’ educational programs and through uPlanIt.

INVESTMENT POLICY / FINANCIAL MANAGEMENT QUESTIONS

Q: What types of Treasuries do you use to invest in? How do you choose between the different types?

A: We primarily invest in U.S. Treasuries and Treasury-backed instruments, such as T-bills and T-notes, chosen for their safety, liquidity, and predictable returns. The mix depends on your association’s cash flow needs — for example, shorter maturities for near-term projects and longer maturities for funds not needed for several years. Every decision is guided by your Investment Policy Statement, which ensures your funds are invested prudently and in line with your Reserve Study’s funding plan. Structuring a well thought out ladder in conjunction with your Reserve Study and expenditures is key for structuring Treasuries and/or Certificates of Deposit for investment.

BOARD OVERSIGHT QUESTIONS

Q: Shouldn’t all financial and management decisions go in front of the board instead of just two members?

A: No. Association homeowners effectively delegate power to the board to manage the affairs of the association, and boards often delegate budget development projects to the treasurer or a budget committee (depending on the size of the association). The budget should be adopted and finalized by the board, but the development and the details are often managed by one or two people on behalf of the association. Two is often a good number, as they corroborate or oversee the actions and decisions of each other.