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CENTRAL OREGON REGIONAL CHAPTER NEWSLETTER

Community Associations Institute



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RESERVE STUDIES

Written by Karen McDonald, CMCA, AMS, PCAM, RS
Accurate Reserve Professionals, LLC

Reserve studies are an important budgeting and planning tool for community associations. A reserve study quantifies the association's physical assets, assigning a cost allowance and approximate timeline for major maintenance, repair and replacement. It then evaluates the association's reserve fund strength and provides the association with an annual dollar amount to reserve, known as the funding plan.

Some homeowner and condominium associations are required to prepare a reserve study annually either by Oregon statute and/or a requirement within the association's governing documents. Consult with legal counsel if you have questions about the requirements for your specific association. As a general rule of thumb, it is a best practice to update your reserve study annually and have a reserve study professional perform a site visit at least every 3 years.



RESERVE STUDIES (CONT)

Reserve studies are prepared in accordance with the National Reserve Study Standards (NRSS) published by CAI. The Reserve Specialist (RS) credential is awarded to individuals who exhibit the necessary skills and experience in preparing reserve studies for community associations. In addition to some state statutes, the NRSS provides guidelines for what information is included within a reserve study.

Under the NRSS, your reserve study will include a minimum of two funding plan options, full funding and baseline funding. Some associations may have additional funding plans depending on their individual needs. With full funding, the association aims to become 100% funded over the 30 years projected within the study. This means that the association's reserve cash balance is equal to the dollar amount that its assets have deteriorated to date. In baseline funding, the reserve account is funded at a level where the reserve balance is not projected to fall below zero. Baseline funding is risky, as a special assessment may become necessary if a project occurs earlier than anticipated or costs even slightly more than the projected cost allowance.

Generally speaking, an association that is 0 to 29% funded is considered to have a weak reserve funding status and has a high risk of a special assessment. Associations funded between 30% and 69% are considered to be moderately funded and therefore have a medium risk of a special assessment, and associations that are 70% or more funded are in a strong funding position and have a low risk of a special assessment.

Many associations question when to start their next reserve study. The best time to get started on your study update is typically 6-9 months before the end of the fiscal year. For associations on a standard calendar fiscal year, this means the best time to get started is between March and June. This provides ample time for the reserve study provider to complete the study, the board to review the study, and for any necessary revisions to be completed prior to preparation of next year's budget.



Message from CORC CAI President

Members of CORC CAI,

I hope you are enjoying the Spring season! With the recent warm temperatures, it is definitely starting to feel like Summer! Things are looking different than they did this time last year with pool reopening's and 4th of July barbeques on the calendar! It's hard to believe it has been over a year since CORC CAI has held an in person event. While we will hold the Board Leader Certificate Q&A virtually on June 29th, it is our goal to connect in person for our August 3rd event, Developer/ Homeowner Transition: A Guide To Success. Keep an eye out for additional details in the coming weeks. In the meantime, have a wonderful start to your Summer and we look forward to seeing you soon!

Elle Larkin



Next Event June 29th
Board Leader Certificate
Register at caicentraloregon.org



BUSINESS PARTNER SPOTLIGHT

Accurate Reserve Professionals, LLC

How you can help our CAI members?

Accurate Reserve Professionals, LLC can help CAI member managers and board member leaders plan for long range maintenance, repair, and replacement of association assets by providing complete, high quality reserve studies which are easy to read and understand.

ACCURATE
RESERVE
PROFESSIONALS



Share your thoughts on how your company is differentiated from others?

Our founder, Karen McDonald, CMCA, AMS, PCAM, RS has a combined 21 years of community association management and reserve study preparation experience, so she truly understands how reserve studies integrate into community associations. When we designed our reserve study reports we used our former management experience to proactively answer the most commonly asked questions, and created individual chapters detailing each funding plan recommendation so an association can easily compare the funding options and choose the one which best fits its needs.

Make it fun- What's a fun fact about Accurate Reserve Professionals?

Outside of the office Karen resides on a 19 acre hobby farm where she and her husband raise goats, cattle and chickens, and periodically sell extra produce from their garden at the local farmers market.

Additional Sponsorship Opportunities & Raffle Prizes Coming Soon!



CAI Central Oregon is looking to grow our social media presence and we need your support! With efforts to grow our organization and get our members more involved, we are excited to announce our social media engagement campaign! In short, this campaign will give our managers and homeowner members the opportunity to win various raffle prizes for participating with us on our social media. For our business partners, this is a great opportunity to get more involved with the community and build long lasting relationships! Keep an eye out for more information coming soon on our Facebook and LinkedIn.

Click logo to check it out!



EDUCATION FOR MANAGERS

- June 24-25, 2021 - M-100: The Essentials of Community Association Management (Live Virtual Class).
- July 8-9, 2021 - M-202: Association Communications - (Live Virtual Class).
- July 22-23, 2021 - M-320: High-Rise Maintenance and Management - (Live Virtual Class).
- August 5-6, 2021 - M206 Financial Management - (Live Virtual Class).



Central Oregon Regional Chapter of Community Associations Institute

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