

# The RESERVE STUDY PROCESS



STEP BY STEP WALK THROUGH OF WHAT TO EXPECT

## HIRE A RESERVE STUDY PROFESSIONAL

### 001.



- ✗ Look for a professional with an RS or PRA designation, both of which are given to those professionals which meet experience requirements
- ✗ Verify the completed study will comply with statutory requirements
- ✗ Ask for recent references
- ✗ Request a sample study of a similar property for review

## SITE INSPECTION

### 002.



- ✗ Ideally schedule a time that allows a member of the community to meet the reserve analyst.
- ✗ Make sure all common areas are accessible
- ✗ If possible provide a plat map of the common areas or a map of the community common areas
- ✗ Let the reserve analyst know of any specific concern there are regarding common areas

## DOCUMENT REVIEW

### 003.

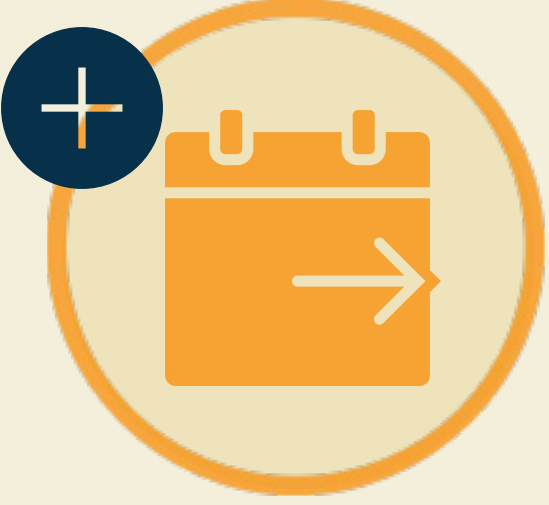


[CLICK HERE TO LEARN MORE ABOUT WHAT DOCS ARE NEEDED](#)

- ✗ Provide all necessary documents to receive the most catered reserve study possible
- ✗ Make sure that the documents are the most current available - e.g. governing docs, budget, allocation rate, number of unit in community
- ✗ Provide a repair/replacement history for the components if available. This will increase the accuracy of projections.
- ✗ Provide any upcoming work orders along with bids and invoices for work being performed on common areas

## COMPONENT ANALYSIS

### 004.



- ✗ The analyst will complete a site inspection to quantify the components
- ✗ A useful life (UL) and remaining useful life (RUL) are assigned
- ✗ Components are put through a four part test to determine if they should be included
- ✗ The site inspection may take from several hours to several days depending on the size of the community

## FINANCIAL ANALYSIS

### 005.



- ✗ Research is completed to determine the current cost to replace the components
- ✗ Costs are projected out into the future and inflated with inflation
- ✗ A replacement schedule is developed based on the UL and RUL already assigned
- ✗ Cost efficiency are taken into account by doing multiple projects at the same time, e.g. roofing and gutters

## FUNDING PLANS DEVELOPED

### 006.



- ✗ Numerous funding plans are developed some more conservative than others
- ✗ Numerous factors are taking into consideration by the reserve analyst; e.g. fairness, statutory requirements, client goals
- ✗ The Board can choose what they would like to follow and request more aggressive or more conservative funding models based on their risk tolerance

## QUESTIONS?

### 007.



- ✗ [VIDEO GUIDE: QUESTIONS AND ANSWER LINK](#)
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