

**RESERVE
FUND**



declaration

declares property **deed restricted**

bylaws

governs the **internal operation**
of the association

rules and regulations

handbook for
daily neighborhood rules
(Board promulgated and amended)

reserve fund

governing docs

what is it?

how large?

full funding

are we fully funded?

assessments

choices

consequences

reserve fund

money for emergencies and
capital improvements

Ohio Revised Code Section 5311.081(A)(1) states:

(A) Unless otherwise provided in the declaration or bylaws, the unit owners association, through the board of directors, shall. . .

(1) Adopt and amend budgets for revenues, expenditures, and reserves in an amount adequate to repair and replace **major capital items in the normal course of operations** without the necessity of special assessments, provided that the amount set aside annually for reserves shall not be less than ten percent of the budget for that year



unless the reserve requirement is **waived annually by the unit owners exercising not less than a majority** of the voting power of the unit owners association...

reserve fund

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reserve study

community inventory of

capital improvement costs

- How does a board know how much money is enough to repair or replace a major item?
- How does it know whether its reserves are adequately funded?

To ascertain these numbers, a board should seriously consider hiring an outside firm to perform a “reserve study.”

- *Kaman & Cusimano*

reserve fund

governing docs

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full funding

having enough fund reserves to meet

all capital improvement costs

without special assessments

reserve fund

governing docs

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are we fully funded?

no

reserve fund

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are we fully funded? not even close

Our current reserve funds are approximately **\$325,000**, compared to roughly **\$365,000** in 2010.

That is only **\$3000** per unit, by George.



reserve fund

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reserve fund

not a piggy bank



reserve fund

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full funding what would it take?

2011 \$216,000

2012 \$122,000

2013 \$125,000

2014 \$128,000

2015 \$131,000

2016 \$134,700

2017 \$138,100

2018 \$141,600

2019 \$145,000

2020 \$148,700

\$143,000 average/year

\$1300/unit/year

**\$108/month/unit to
the Reserve**

reserve fund

governing docs

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full funding what would it take?

\$143,000

48,000

\$95,000/yr increase

\$71.32/month avg increase

\$855.85/yr/unit

**EVERY
YEAR**

reserve fund

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just the start numbers increase

2021	\$154,200	2031	\$195,000
2022	\$156,200	2032	\$199,900
2023	\$160,100	2033	\$204,900
2024	\$164,100	2034	\$215,300
2025	\$168,200	2035	\$220,700
2026	\$172,400	2036	\$226,200
2027	\$176,700	2037	\$231,900
2028	\$181,100	2038	\$231,900
2029	\$185,600	2039	\$237,700
2030	\$190,200	2040	\$243,600

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choices what next?

- 1) Fully fund.
- 2) Change nothing and assess.
- 3) Address immediate issues with the current capital assets improvements program, and do a new reserve study based on recent improvements (roofs, paint, concrete repair, etc.) Re-evaluate our capital needs.

reserve fund

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3) Address immediate issues with the current capital assets

improvements
a r
rec
con
our

Silver Valley Condominium Association



2014

capital improvements program

Silver Valley Condominium Association, Munroe Falls, Ohio.

reserve fund

governing docs

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consequences what if we do nothing?

- continued deterioration of capital assets
- reduced property values
- potentially larger assessments
- difficulty selling units
- difficulty getting loans
- higher loan rates
- potentially higher insurance costs
- risk having to borrow to maintain assets
- deterioration of our lifestyle

reserve fund

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it's our home get involved

Watch the web site for opportunities to volunteer.

Read newsletters and mail enclosures.

Clean and paint your garage and entrance doors and railings.

reserve fund

