Reserve funding plan worksheet

Association: ____ **Property type:** ☐ Condominium ☐ Cooperative ☐ HOA **Budget year:** ____________ **Reserve study relied on:** dated ____________, prepared by ____________________ **Prepared by:** ____________________ **Date:** ____________

What this worksheet is for

The component schedule tells you what you own and what it costs. This worksheet turns that into one number: the reserve contribution the budget will carry. It exists because that translation involves three separate decisions that boards routinely collapse into one, and each is governed differently.

1. **Accounting method.** Straight line or pooled. The board decides this, and no member vote is required.
2. **Funding goal.** Baseline, full funding, or something between. The study recommends, the board adopts.
3. **Whether the members may lower it.** For some components the answer is no, and it has been no since December 31, 2024.

Work them in that order. Reversing them is how a board ends up voting on a waiver it was never permitted to hold.

Section 1. Establish what is required before you compute anything

1.1 Which components carry a mandatory reserve

For a **condominium**, the budget must include reserve accounts for capital expenditures and deferred maintenance. These must include roof replacement, building painting, and pavement resurfacing regardless of amount, plus any other item with a deferred maintenance expense or replacement cost exceeding the threshold in section 1.2. See § 718.112(2)(f)2.a, Fla. Stat.

Where the association is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in § 718.112(2)(g) for which the association is responsible under the declaration, and **the reserve amount for those items must be based on the findings and recommendations of the most recent structural integrity reserve study.** See § 718.112(2)(f)2.a, Fla. Stat.

For a **cooperative**, the parallel provisions are § 719.106(1)(j) and § 719.106(1)(k), Fla. Stat.

For a **homeowners' association**, the budget may include reserve accounts. Statutory reserves exist only where the membership has approved them by a majority of the total voting interests, in an approval that states reserves will be provided for in the budget and designates the components. See § 720.303(6)(b) and § 720.303(6)(d), Fla. Stat.

- ☐ Condominium or cooperative required to obtain a SIRS. The § 718.112(2)(g) or § 719.106(1)(k) items are mandatory and the amounts come from the study.
- ☐ Condominium or cooperative not required to obtain a SIRS. Roof, painting, and pavement are mandatory regardless of amount, plus items over threshold.
- ☐ HOA with reserves established under § 720.303(6)(d) on _____________. The designated components are: ____
- ☐ HOA without established reserves. This worksheet is a planning tool, and the § 720.303(6)(c) disclosure applies to the financial report.

1.2 Fix the threshold for this budget year

The condominium threshold for the catch-all category is **the greater of $25,000 and the inflation-adjusted amount determined by the division**. The division must annually adjust the $25,000 figure for inflation based on the Consumer Price Index for All Urban Consumers released in January, and must post the adjusted figure on its website by February 1, 2026, and annually thereafter. See § 718.112(2)(f)2.a and § 718.112(2)(f)6, Fla. Stat.

- Statutory base: $25,000
- Division's posted inflation-adjusted amount for this budget year: $_____________
- **Threshold applied in this worksheet, the greater of the two:** $_____________
- Source and date checked: ______________________

If the reserve study you are relying on applied a $10,000 threshold, which the majority of Florida reserve studies we reviewed still do, its component list is broader than the statute requires rather than narrower. That is not a defect in itself. What needs checking is any statement in the study that an item was excluded for falling below the threshold, and any board decision to drop a component on that basis.

1.3 Items where a replacement reserve is not required

The association is not required to reserve replacement costs for items where an estimate of useful life is not readily ascertainable, or where estimated remaining useful life is greater than 25 years. **But where the structural integrity reserve study recommends a deferred maintenance expense amount for such an item, the association must reserve that amount.** See § 718.112(2)(f)2.a and § 718.112(2)(g)4.b, Fla. Stat.

Component	Reason no replacement reserve	Deferred maintenance amount recommended by the study	Included in this budget
	☐ Life indeterminate ☐ RUL over 25 years	$	☐
	☐ Life indeterminate ☐ RUL over 25 years	$	☐
	☐ Life indeterminate ☐ RUL over 25 years	$	☐

Where the study recommends reserves for an item the statute does not require, § 718.112(2)(g)4.b requires the study to identify that item separately. Carry that identification forward here, because those are the lines the board retains discretion over.

Section 2. Choose the accounting method

A vote of the members is not required for the board to change the accounting method for reserves to a pooling method or a straight-line method. See § 718.112(2)(f)4, Fla. Stat. This is a board decision, and it should be a deliberate one rather than an inheritance.

2.1 Straight line, also called the component method

Each component has its own account, funded on its own schedule. Money in the roof account is roof money.

For an HOA operating statutory reserves, § 720.303(6)(g)1, Fla. Stat., states the formula. The contribution to each account is the sum of:

- **(a)** the total amount necessary, if any, to bring a negative component balance to zero
- **(b)** the estimated deferred maintenance expense or estimated replacement cost of the component, **less** the estimated balance of that component as of the beginning of the budget period, with the remainder, if greater than zero, **divided by** the estimated remaining useful life

The formula may be adjusted each year for changes in estimates and for deferred maintenance performed during the year.

For a condominium, the amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense, and replacement reserve assessments may be adjusted annually for inflation and for changes in estimates or extension of useful life caused by deferred maintenance. See § 718.112(2)(f)2.a, Fla. Stat.

Worked structure, per component:

	Line
A. Estimated replacement cost or deferred maintenance expense	$
B. Allocated reserve balance at the beginning of the budget period	$
C. Shortfall, A minus B, if greater than zero	$
D. Estimated remaining useful life, in years	
E. Annual contribution, C divided by D	$

	Line
F. Amount to bring a negative balance to zero, if any	$
G. Contribution for this component, E plus F	**$**

What straight line gives you: transparency. Every dollar is traceable to a component, percent funded is meaningful per line, and a board can see exactly which component is behind.

What it costs you: rigidity. Funds in one component's account are not available to another without a member vote authorizing use for a different purpose, and the year-to-year contribution moves in steps as components are replaced.

2.2 Pooled, also called the cash flow method

One account funds a group of components. The test is not per component, it is whether the pool stays solvent across the projection.

For an HOA operating statutory reserves, § 720.303(6)(g)2, Fla. Stat., states the test. The contribution to the pooled account, as disclosed on the proposed budget, may not be less than the amount required to ensure that:

> the balance on hand at the beginning of the budget period, **plus** projected annual cash inflows over the remaining estimated useful lives of all assets in the pool, **equals or exceeds** projected annual cash outflows over those same remaining estimated useful lives, based on the current reserve analysis.

Projected annual cash inflows may include estimated earnings from investment of principal, and accounts receivable minus the allowance for doubtful accounts. **The reserve funding formula may not include any type of balloon payment.**

For a condominium, reserve accounts may be pooled for two or more required components, and the reserve funding indicated in the proposed annual budget must be sufficient to ensure that available funds meet or exceed projected expenses for all components in the pool, based on the funding plan or schedule of the most recent structural integrity reserve study. See § 718.112(2)(f)4, Fla. Stat.

Worked structure, per pool:

	Line
A. Pool balance at the beginning of the budget period	$
B. Projected annual contributions over the projection period	$
C. Projected investment earnings over the projection period	$

	Line
D. Accounts receivable less allowance for doubtful accounts	$
E. Total projected inflows, A plus B plus C plus D	$
F. Projected expenditures over the projection period, from the component schedule	$
G. Test, E must be greater than or equal to F	☐ Passes ☐ Fails
H. Lowest projected year-end balance across the projection	$
I. Balloon payment present in the funding formula	☐ No ☐ Yes, which is not permitted

What pooling gives you: a smoother contribution and the ability to spend across components as timing shifts.

What it costs you: visibility. A healthy pool total can hide a component that is decades behind, and the projection is only as good as its assumptions. State them.

2.3 The pooling constraint that is not optional

Reserve funding for the items listed in § 718.112(2)(g), Fla. Stat., may only be pooled with other items listed in § 718.112(2)(g). See § 718.112(2)(f)4, Fla. Stat.

A single pool holding the roof, the structure, and the clubhouse furniture does not comply. Run at least two pools.

Pool	Components included	Statutory basis for the grouping
Pool 1, structural integrity items		§ 718.112(2)(f)4, § 718.112(2)(g)
Pool 2, all other reserve components		
Straight line, held outside any pool		

2.4 Record the decision

- ☐ Straight line for all components
- ☐ Pooled for all components, in compliant pools
- ☐ Pooled for structural integrity items, straight line for others
- ☐ Pooled for non-structural items, straight line for structural integrity items

- Board approved the method on: ____________
- Changed from the prior year's method: ☐ No ☐ Yes, and the change and its effect are disclosed in the budget package

Section 3. Choose the funding goal

3.1 What the statute requires the study to recommend

At minimum, a structural integrity reserve study must include a recommendation for a reserve funding schedule **based on a baseline funding plan that provides a reserve funding goal in which the reserve funding for each budget year is sufficient to maintain the reserve cash balance above zero.** The study may recommend other types of funding schedules, provided each is sufficient to meet the association's maintenance obligation. See § 718.112(2)(g)4.a, Fla. Stat.

Read that carefully. Baseline means the account never goes negative. It does not mean the account has the money when the component fails, and it does not mean owners are paying in proportion to the deterioration they consume. It is the statutory floor for what the study must present, not a recommendation that the board adopt it.

3.2 Compare the options on the same page

	Baseline funding	**Threshold funding**	**Full funding**
Goal	Reserve cash balance stays above zero	Reserve balance stays above a stated floor	Reserve balance tracks accumulated deterioration, targeting 100 percent funded
Annual contribution	$	$	$
Per unit per month	$	$	$
Lowest projected balance, and the year it occurs	$ in ____	$ in ____	$ in ____
Percent funded at end of projection	%	%	%
Special assessments assumed in the projection			
Statutory status	The minimum the study must recommend	Permitted if sufficient to meet the maintenance obligation	Permitted if sufficient to meet the maintenance obligation

Fill the "special assessments assumed" row honestly. A plan that keeps the balance above zero only because the projection assumes a special assessment in year seven is a plan that has already decided to levy a special assessment in year seven. Owners deserve to see that stated rather than embedded.

3.3 The constraint that governs the choice

If the reserve funding in the proposed budget does not align with the funding plan from the most recent structural integrity reserve study, the association must obtain an updated study before adopting that budget. See § 718.112(2)(g)4.c, Fla. Stat.

- Funding plan in the most recent study: $_____________ per year
- Reserve funding proposed for this budget: $_____________
- ☐ Aligned, no updated study required
- ☐ Not aligned. An updated study is required before adoption. Requested on _____________

The study must also take the association's funding method into account. If it was performed before the association approved a special assessment, line of credit, or loan, it must be updated to reflect the method selected and its effect on the funding schedule, including any anticipated change in regular assessments. See § 718.112(2)(g)4.c, Fla. Stat.

3.4 Board decision

- Funding goal adopted: ☐ Baseline ☐ Threshold, floor of $_____________ ☐ Full funding ☐ Other: _____________
- Rationale recorded in the minutes: ☐ Yes, meeting dated _____________

Section 4. Determine what the members may and may not do

Complete this before any member vote is noticed. Noticing a vote the members are not permitted to hold is worse than not holding one.

4.1 Structural integrity items, condominium and cooperative

For a budget adopted **on or after December 31, 2024**, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study **may not** determine to provide no reserves or less reserves than required for the items listed in § 718.112(2)(g), Fla. Stat. See § 718.112(2)(f)2.b, Fla. Stat. The cooperative parallel is § 719.106(1)(j), Fla. Stat.

The sole exception in the statute: members of an association operating a **multicondominium** may determine to provide no reserves or less reserves if **an alternative funding method has been approved by the division**.

Those members also may not vote to use reserve funds, or interest accruing on them, for any purpose other than the replacement or deferred maintenance costs of the § 718.112(2)(g) components. See § 718.112(2)(f)3, Fla. Stat.

- ☐ This association must obtain a SIRS, so the § 718.112(2)(g) items may not be waived or reduced by member vote

- ☐ This association operates a multicondominium and has division approval of an alternative funding method, dated ____________
- ☐ This association is not required to obtain a SIRS

4.2 Everything else

For components outside § 718.112(2)(g), members of a unit-owner-controlled association may determine, by majority vote of the total voting interests, to provide no reserves or less reserves than required. See § 718.112(2)(f)2.b, Fla. Stat.

For an HOA with established reserves, the membership by majority vote at a meeting at which a quorum is present may provide for no reserves or less reserves. **Any such vote applies to one budget year only.** If a meeting is called for that purpose and the result is not achieved or a quorum is not present, the reserves as included in the budget go into effect. See § 720.303(6)(f), Fla. Stat.

4.3 Who may vote

Only the voting interests of the units subject to assessment to fund the reserves in question are eligible to vote on waiving or reducing those reserves, or on using existing reserve funds for other purposes. See § 718.112(2)(f)5, Fla. Stat.

Where the association maintains limited common elements at the cost of only those entitled to use them, the eligible electorate for those reserves is not the whole membership. Identify it before noticing the vote.

- Reserves proposed for waiver or reduction: ____
- Units subject to assessment for those reserves: ____
- Eligible voting interests: ____________

Proxy questions relating to waiving or reducing reserve funding, or using reserve funds for other purposes, must contain the statement required by § 718.112(2)(f)5, Fla. Stat., in capitalized bold lettering. Have counsel confirm the current required wording before the notice goes out.

4.4 Developer-controlled associations

Before turnover, a developer-controlled association may not vote to waive reserves or reduce reserve funding, and may not vote to use reserves for purposes other than those intended. If a meeting is called to determine whether to waive or reduce reserve funding and no such result is achieved or a quorum is not attained, the reserves included in the budget go into effect. After turnover, the developer may vote its voting interest to waive or reduce reserve funding. See § 718.112(2)(f)2.f and § 718.112(2)(f)3, Fla. Stat.

For an HOA, while a developer is in control the developer may, but is not required to, include reserves in the budget, and may determine the amount included. See § 720.303(6)(i)1, Fla. Stat.

4.5 The two permitted pauses

Neither is a waiver, and neither requires the reserve obligation to disappear.

Uninhabitable building. If the local building official determines the entire condominium building is uninhabitable due to a natural emergency as defined in § 252.34, Fla. Stat., the board may pause contributions or reduce reserve funding until the official determines the building is habitable. Reserve funds may be expended, on the board's determination, to make the building and its structures habitable. Contributions must resume immediately upon the habitability determination. See § 718.112(2)(f)2.d, Fla. Stat.

Milestone inspection repairs. For a budget adopted on or before December 31, 2028, where the association completed a milestone inspection under § 553.899, Fla. Stat., within the previous 2 calendar years, the board, upon approval of a majority of the total voting interests, may temporarily pause or reduce reserve funding for **no more than two consecutive annual budgets**, for the purpose of funding repairs recommended by that inspection. This does not apply to a developer-controlled association, an association where nondeveloper unit owners have been in control for less than 1 year, or an association controlled by bulk assignees or bulk buyers. **An association that pauses under this provision must have a structural integrity reserve study performed before resuming contributions**, to determine its reserve funding needs and recommend a funding plan. See § 718.112(2)(f)2.e, Fla. Stat.

- ☐ Not applicable
- ☐ Pause under § 718.112(2)(f)2.d, building declared uninhabitable on _____________
- ☐ Pause under § 718.112(2)(f)2.e. Milestone inspection dated _____________. Member approval dated _____________. Budget years paused: _____________ and _____________. Study required before resuming: ☐ commissioned ☐ not yet

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Section 5. Alternatives to the regular assessment

Reserves for the § 718.112(2)(g) items may be funded by regular assessments, special assessments, lines of credit, or loans. A special assessment, line of credit, or loan for this purpose requires the approval of a majority of the total voting interests. See § 718.112(2)(f)2.c(I), Fla. Stat.

A unit-owner-controlled association that must have a structural integrity reserve study may secure a line of credit or loan to fund capital expenses required by a milestone inspection or a structural integrity reserve study. It must be **sufficient to fund the cumulative amount of any previously waived or unfunded portions of the required reserve funding and the most recent study**, and the funds must be immediately available to the board without further member approval. The arrangement and its details must be included in the annual financial statement required under § 718.111(13) and provided to prospective purchasers under § 718.503, Fla. Stat. See § 718.112(2)(f)2.c(II), Fla. Stat. This does not apply to a developer-controlled association, an association where nondeveloper unit owners have been in control for less than 1 year, or an association controlled by bulk assignees or bulk buyers.

	Regular assessment	Special assessment	Line of credit	Loan
Amount	$	$	$	$
Member approval required	No	Majority of total voting interests	Majority of total voting interests	Majority of total voting interests

	Regular assessment	Special assessment	Line of credit	Loan
Approval obtained on	n/a			
Cost of capital, stated	n/a	n/a		
Disclosed in the annual financial statement		☐	☐	☐
Disclosed to prospective purchasers under § 718.503		☐	☐	☐
Study updated to reflect this method per § 718.112(2)(g)4.c		☐	☐	☐

Section 6. The number that goes in the budget

Line	Amount
Contribution, structural integrity items	$
Contribution, deferred maintenance amounts for long-life and indeterminate items	$
Contribution, other required components	$
Contribution, components for which reserves are not required	$
Total annual reserve contribution	**$**
Per unit per year	$
Per unit per month	$
Prior year total reserve contribution	$
Change	$ / %

Assumptions stated in the budget package

- Inflation rate applied to future costs: _________ percent
- Assumed rate of return on invested reserves: _________ percent
- Projection period: _________ years
- Reserve study relied on, dated: _____________
- Accounting method: _____________
- Funding goal: _____________

Where reserve funds may go

Reserve funds and any interest accruing on them remain in the reserve account or accounts and may be used only for authorized reserve expenditures, unless use for other purposes is approved in advance by a majority vote of all the total voting interests. See § 718.112(2)(f)3, Fla. Stat. The HOA parallel, requiring advance approval by majority vote at a meeting at which a quorum is present, is § 720.303(6)(h), Fla. Stat.

For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds for any purpose other than replacement or deferred maintenance of the § 718.112(2)(g) components. That vote is simply unavailable.

Budget meeting

At least 14 days before the meeting at which the proposed annual budget will be considered, the board must deliver notice of the meeting and a copy of the proposed budget to each unit owner, by hand delivery, mail, or electronic transmission to the location the owner furnished for that purpose. An affidavit evidencing compliance must be filed among the official records. See § 718.112(2)(e)1, Fla. Stat.

- Notice delivered: _____________
- Budget meeting: _____________
- ☐ Affidavit of compliance executed and filed

Section 7. Sign-off

	Name	Date
Prepared by		
Reviewed by treasurer		
Reviewed by manager		
Reviewed by association's certified public accountant		
Reviewed by association's counsel		

	Name	Date
Adopted by board on		

Disclaimer

This worksheet is a starting point, not accounting, tax or legal advice. The formulas and constraints in it are drawn from chapters 718, 719, and 720 of the Florida Statutes and from patterns observed across real Florida reserve studies, but it does not know your association. Your declaration, articles, and bylaws govern, including which components the association maintains and how reserves must be funded, and they control where they differ from anything here. Statutes change, and Florida's reserve provisions have changed repeatedly in recent years, including the threshold amount for required reserves, the rules on waiver, and the permitted pauses. Threshold amounts are adjusted annually by the division. The arithmetic here is a structure for your own numbers, and no figure in it has been calculated for you. Have your association's certified public accountant and its counsel review this worksheet, your reserve study, and the proposed budget before the board adopts anything.