Reserve study scope and review checklist (any state)

Association: ____ **State:** ___________ **Property type:** ☐ Condominium ☐ Cooperative ☐ HOA ☐ Other **Buildings or components covered:** ____ **Study level:** ☐ Level I, full study ☐ Level II, update with site visit ☐ Level III, update without site visit **Preparer:** ____ **Credential:** ☐ RS ☐ PRA ☐ Other ☐ None **Date received:** ___________

How to use this checklist

A reserve study is one of the few association deliverables that can be checked against a published standard rather than against taste. A board that reads the report critically before accepting it catches problems while the preparer still has an obligation to fix them, rather than a year later when the budget is already adopted and the money is already short.

This checklist is written for **any state**. It is built on the methodology that reserve study professionals use nationally, which does not change at a state line: what a study must contain, how components are selected, how a funding plan is built, and how to tell a thorough report from a thin one.

What this checklist cannot tell you is what your state requires. Reserve law varies enormously. Some states mandate a study on a fixed cycle, prescribe who may prepare it, set a minimum component threshold, require owner distribution within a set number of days, and restrict the board's ability to waive or underfund. Other states say nothing at all and leave the entire question to your declaration and bylaws. Part 0 exists to make you answer that question first, because every later part changes depending on the answer.

Use Part 0 and Part A before you engage a preparer. Use Part B when the report arrives. Part C covers what you do with the study once you have it.

Fill-in fields appear in square brackets. Delete the guidance boxes marked "Builder note" before you circulate this.

Part 0. Establish your state's requirements first

Do this before anything else. Every other section assumes you know the answers.

- ☐ Does state law require a reserve study at all for this property type? **Answer:** _____________
- ☐ If yes, on what cycle, and when was the last one? **Answer:** _____________
- ☐ Does state law restrict who may prepare it (credential, license, independence)? **Answer:** _____________
- ☐ Does state law set a minimum component cost threshold, or define which components must be studied? **Answer:** _____________

- ☐ Does state law require reserves to be funded, or only that they be disclosed? **Answer:** _______________
- ☐ May the membership or the board waive or reduce reserve funding, and by what vote? **Answer:** _______________
- ☐ Is there a required disclosure to owners, and on what deadline? **Answer:** _______________
- ☐ Is there a required filing or notice to a state agency? **Answer:** _______________
- ☐ Does state law prescribe or prohibit pooling of reserve components? **Answer:** _______________
- ☐ Are there penalties, or personal exposure for directors, for failing to comply? **Answer:** _______________

Builder note. Your association's attorney can answer all ten in a single short engagement, and the answers stay good until the legislature moves. That is a far cheaper way to get this right than discovering a missed deadline during a sale or a loan review. Where your state is silent, the declaration and bylaws govern, and they may impose more than the statute does.

Also confirm, regardless of state law:

- ☐ What the **declaration and bylaws** require about reserves, which may be stricter than the statute
- ☐ Whether any **lender, insurer, or secondary-market program** the association depends on imposes its own reserve expectations

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Part A. Before you engage a preparer

A1. Decide which study level you are buying

The national standard recognises three levels, and the difference is what the preparer actually does, not the quality of the result.

Level	What it includes	Typically used
Level I, full study	Component inventory built from scratch, condition assessment on site, life and cost estimates, full financial analysis	First study, or when the inventory is stale or unreliable
Level II, update with site visit	Existing inventory verified on site, condition reassessed, estimates and financials updated	Routine update cycle
Level III, update without site visit	Financial update only, using the existing inventory and condition data	Interim years, when nothing material has changed

- ☐ The level being purchased is stated in writing
- ☐ If Level III, the board has confirmed no material change since the last site visit
- ☐ The level satisfies whatever your state and governing documents require

A2. Verify the preparer's qualification before signing

- ☐ Credential confirmed and current. The two recognised designations are **RS** (Reserve Specialist) and **PRA** (Professional Reserve Analyst)
- ☐ Any state-specific licensing or qualification requirement identified in Part 0 is satisfied
- ☐ Credential documentation obtained for the official records
- ☐ References checked for associations of comparable size, type, and age
- ☐ Errors and omissions coverage confirmed

A3. Get the conflict disclosure in writing before the contract

- ☐ The preparer has disclosed any financial interest in the components being studied
- ☐ The preparer has disclosed any relationship with contractors likely to bid the work
- ☐ The preparer has disclosed whether they, or an affiliate, sell any product or service the study may recommend
- ☐ The disclosure is in writing and filed with the study

Builder note. This matters more than it sounds. A study prepared by someone who also sells the roofing, the reserve-funding product, or the management service has an incentive that does not point at the association.

A4. State the scope in the engagement

Define the deliverable before work starts, rather than negotiating it after.

- ☐ Every building, area, and system to be studied is named
- ☐ The component selection test to be applied is stated (see B2)
- ☐ The minimum component cost threshold is stated, and matches any state requirement from Part 0
- ☐ The study will identify each item **visually inspected**, and separately identify anything estimated without inspection
- ☐ The study will include a **component inventory**, **condition assessment**, **life and valuation estimates**, **fund status**, and a **funding plan**. These are the four standard parts of a reserve study and a report missing any of them is incomplete
- ☐ The funding goal the plan targets is stated (see B5)
- ☐ An exclusions list will be provided, stating what was excluded and why
- ☐ The maintenance responsibility allocation from the declaration has been provided to the preparer
- ☐ Deliverable includes a component schedule the association can maintain between studies
- ☐ Delivery date, and whether a draft-review round is included, are stated

A5. Provide the preparer with what only you have

A study is only as good as the inputs the association supplies. These are the items a preparer cannot obtain without you.

- ☐ Declaration, bylaws, and any amendments affecting maintenance responsibility
- ☐ Prior reserve studies, including the component schedule

- ☐ Current reserve balance, by component if the association tracks it that way
- ☐ Capital work history: what has been replaced or repaired, when, and at what cost
- ☐ Warranties still in force
- ☐ Recent engineering, structural, roofing, or building envelope reports
- ☐ Insurance loss history relevant to a reserve component
- ☐ Known deferred maintenance the board has not yet addressed
- ☐ Any planned assessment, loan, or capital project already contemplated

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Part B. Reviewing the report you received

B1. Confirm the four standard parts are present

- ☐ **Component inventory.** What is being reserved for
- ☐ **Condition assessment.** What state those components are in now
- ☐ **Life and valuation estimates.** Useful life, remaining useful life, and replacement cost for each component
- ☐ **Fund status and funding plan.** Where the reserve stands today and what contribution schedule the preparer recommends

A report missing any of the four is not a reserve study, whatever it is titled.

B2. Check how components were selected

The standard test asks four questions. A component belongs in the study only if the answer to all four is yes.

- ☐ Is it a **common area maintenance responsibility** of the association?
- ☐ Does it have a **limited useful life**?
- ☐ Is that remaining useful life **predictable**?
- ☐ Does it exceed the **minimum cost threshold** the study applied?

Then check the judgement calls:

- ☐ Anything excluded by the four-part test is listed with the reason
- ☐ Nothing the declaration makes the association's responsibility was missed
- ☐ Nothing an owner is responsible for was included by mistake
- ☐ The threshold applied is stated as a number, not implied

B3. Check the life and cost estimates

- ☐ Useful life figures are sourced, not asserted
- ☐ Remaining useful life reflects the **observed condition**, not simply age minus useful life
- ☐ Replacement costs are current, and the basis is stated (bid, published cost data, local experience)
- ☐ Costs include the full job: demolition, disposal, permits, access, engineering, and contingency, not just materials
- ☐ Inflation and interest assumptions are stated as numbers

- ☐ Components with very long lives, or lives that cannot be estimated, are handled explicitly rather than dropped silently

B4. Check the fund status

- ☐ The current reserve balance in the report matches the association's books
- ☐ **Percent funded** is stated. This is the reserve balance divided by the fully funded balance, expressed as a percentage
- ☐ The report explains what the percentage means rather than leaving a number on the page
- ☐ Any prior borrowing from reserves, and whether it was repaid, is reflected

Builder note. Percent funded is the single most useful number in the report for a board, a buyer, and a lender. Below roughly 30 percent is generally treated as weak, and around 70 percent or above as strong, but the number is only meaningful next to the funding plan and the age of the components.

B5. Check the funding plan against what the board intends to adopt

The four recognised funding goals produce very different contribution schedules from identical component data. Confirm which one the plan targets.

Goal	What it aims at
Full funding	Reserve balance tracks 100 percent of the fully funded balance
Baseline funding	Reserve balance never falls below zero, with no cushion
Threshold funding	Balance stays above a stated dollar or percentage floor chosen by the board
Statutory funding	Whatever the state minimum requires, where one exists

- ☐ The funding goal is named
- ☐ The recommended contribution is stated per year and, where relevant, per unit
- ☐ The plan shows the projected balance year by year, not just the first year
- ☐ Any special assessment the plan assumes is disclosed rather than buried
- ☐ The board understands that adopting a lower goal is a decision with a consequence, not a saving

B6. Read the report critically, not just for compliance

- ☐ Does the condition assessment match what the board actually observes on the property?
- ☐ Are there components the board knows are failing that the report treats as healthy?
- ☐ Does the report acknowledge deferred maintenance, or quietly assume it away?
- ☐ Are the assumptions defensible to an owner who asks, and to a buyer's lender?
- ☐ Does anything in the report read as copied from a different property?

B7. Send written comments to the preparer

- ☐ Errors and omissions listed in writing, with the section reference
- ☐ A response deadline stated
- ☐ The preparer’s response, and any revision, filed with the study

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Part C. After you receive the study

- ☐ Accept the study by board action, recorded in the minutes
- ☐ File the study, the credential documentation, the conflict disclosure, and the preparer correspondence in the official records
- ☐ Complete any owner distribution and any agency notice identified in Part 0, on their deadlines
- ☐ Carry the funding recommendation into the next budget, and record the board’s decision if it adopts a different number
- ☐ Record the reasoning where the board departs from the recommendation. That reasoning is the board’s defence later
- ☐ Maintain the component schedule between studies as work is completed
- ☐ Calendar the next study, using both the state cycle and the preparer’s recommendation, whichever comes first

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Disclaimer

This is a starting point, not legal, accounting, engineering, or tax advice. Your association’s declaration, bylaws, and articles govern, and where they conflict with anything here, they win.

This checklist is deliberately **not** state specific. It reflects reserve study methodology used nationally, and it does not state the law of any state. Reserve requirements differ substantially from state to state, including whether a study is required at all, who may prepare it, whether reserves must be funded, and what must be disclosed to owners. Part 0 exists precisely because those answers cannot be supplied by a national document. Do not treat the absence of a requirement here as evidence that your state does not impose one.

Have the association’s attorney confirm the Part 0 answers for your state and property type, and have the association’s CPA review the funding treatment, before the board adopts or relies on this. Common Elements does not practice law or accountancy, and using this checklist creates no attorney-client or accountant-client relationship.