

5-year Reserve Study

Background: The Code of Virginia, Title 55, Chapter 26 Property Owners' Association Act requires:

A. Except to the extent provided in the declaration, the board of directors shall, prior to the commencement of the fiscal year, make available to lot owners either (i) the annual budget of the association or (ii) a summary of such annual budget.

B. Except to the extent otherwise provided in the declaration and unless the declaration imposes more stringent requirements, the board of directors shall:

1. Conduct at least once every five years a study to determine the necessity and amount of reserves required to repair, replace, and restore the capital components as defined in § 55-509;
2. Review the results of that study at least annually to determine if reserves are sufficient; and
3. Make any adjustments the board of directors deems necessary to maintain reserves, as appropriate.

C. To the extent that the reserve study conducted in accordance with this section indicates a need to budget for reserves, the association budget shall include, without limitation:

1. The current estimated replacement cost, estimated remaining life, and estimated useful life of the capital components as defined in § 55-509;
2. As of the beginning of the fiscal year for which the budget is prepared, the current amount of accumulated cash reserves set aside to repair, replace, or restore capital components and the amount of the expected contribution to the reserve fund for that year;
3. A statement describing the procedures used for estimation and accumulation of cash reserves pursuant to this section; and
4. A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves.2002, c. 459;2019, cc. 33, 44.

Current Budget Proposal: In that light 5 consultants were contacted and their proposals reviewed. The Board chose DMA Reserves to handle our reserve study. The results of the DMA Reserve study are located in the next document in the review list, titled, "Merrymount Reserve Study- Final-6-29-2020." The Board agreed the 2020/2021 fiscal year budget projections will follow the guidance outlined in the reserve study.