

An aerial photograph of a resort complex nestled in a dense forest. The resort features several large swimming pools, a central building with a green roof, and a playground area in the foreground. The surrounding area is lush with green trees and a parking lot is visible in the upper right.

NEWLY UPDATED NATIONAL RESERVE STUDY STANDARDS

SEPTEMBER 22, 2023, BOARD OF DIRECTORS MEETING



TAHOE DONNER™

PURPOSE

- Introduce the updated Community Association Institute (CAI) Reserve Study Standards (July 2023)
- Identify major changes to the standards
- Identify and discuss areas of the updated standards that should be considered for TDA policy and budget planning



RESERVE STUDY – A BUDGET PLANNING TOOL

Definition

- “a budget planning tool which defines the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.”

*Source CAI Reserve Study Standards

REGULATIONS PERTAINING TO TDA's RESERVE STUDY

- California Department of Real Estate
- Davis-Stirling Act (California Civil Code regulating common interest developments)
- TD Restated Covenants and Restrictions and Bylaws
- TD Replacement Reserve Fund Policy



TDA RESERVE STUDY

- Hughes Reserves developed TDA's Reserve Study, and they remain TDA's Certified Reserve Specialist
 - Consult with Hughes Reserves regularly throughout the year
 - Perform the required 3-Year Reserve Study
 - Last study completed 2022
- Proactive approach to updating the reserve and forward-thinking
- Dedicated staff overseeing TDA's Reserve Study and updating annually in addition to the 3-year study
- Identified areas to consider in relation to new standards
 - Replacement Reserve Fund Policy and internal procedures
 - Reserve Study components update

CAI RESERVE STUDY STANDARDS UPDATE (JULY 2023)

- Reserve planning and funding for community interest developments(CID) is a relatively new field considering how long CIDs have been in place
- 1998 original CAI Reserve Study National Standards were adopted
- Standards guide reserve study practitioners, like Certified Reserve Specialists, in minimum requirements for preparing and maintaining a study
- Champlain Towers South condominium collapse in Surfside, Fla. spurred many regulatory bodies to evaluate standards, policy, compliance, and enforcement
 - Condominium Safety Public Policy
 - Update to the CAI Reserves Study National Standards – adoption July 2023 and renaming to Reserve Study Standards
- The primary intent of the standards update was to
 - broaden language
 - Incorporate aspects of maintenance
 - Incorporate aspects of structural integrity

STANDARDS SUBSTANTIVE CHANGES

TOPIC	IMPLICATION(S)
Component selection guidelines	Improves and clarifies the component selection process Provides 3-part test for component selection (see Standards) Will require a review of current TDA components and potential add/removal
Clarification of definitions	Improves and clarifies Expanded definitions
New maintenance element	Maintenance projects currently funded in the Op Fund may be eligible as Reserve Study components
Added guidelines for periodic structural inspection	To follow guidelines, will need to include new inspection components
Adequate funding language clarification	TDA Replacement Reserve Fund policy funding objectives should be reviewed
Added disclosure requirements to the membership	Assurance activities are occurring and provide appropriate new disclosures in the Budget Report
Long-Life Components (30+ years)	Provides guidance for documenting and tracking components with an estimated useful life of more than 30 years

QUESTIONS & FEEDBACK

THANK YOU