

CHAPTER SPONSOR



Homeowner Association Insurance.



ANTONY STARTUP
CRITERIUM ENGINEERS
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HOA LEADERSHIP
NETWORK
By Board Leaders. For Board Leaders.



Reserve Planning for Board Members

Antony Startup, Criterium-Twin Cities Engineers

Community Engineers



- Licensed Professional Engineers **specializing in building evaluations** and technology - It's all we do!
- Local office in **Edina, MN** with 30+ offices across the USA
- **Services include:**
 - Reserve Studies
 - Transition Studies (New Developments)
 - Construction Oversight (HOA Representative)
 - Building Evaluations/Inspections

Reserve Study Quiz: True or False

My Minnesota HOA is required to have a professional reserve study that is updated every 3 years.

TRUE
FALSE

Reserve Study Quiz: True or False

All common components are included in a reserve study.

TRUE
FALSE

Reserve Study Quiz: True or False

The board is required to determine what annual contributions will adequately fund reserves.

TRUE
FALSE

What is an HOA Reserve Study?



Overview

**Financial Planning
Tool**



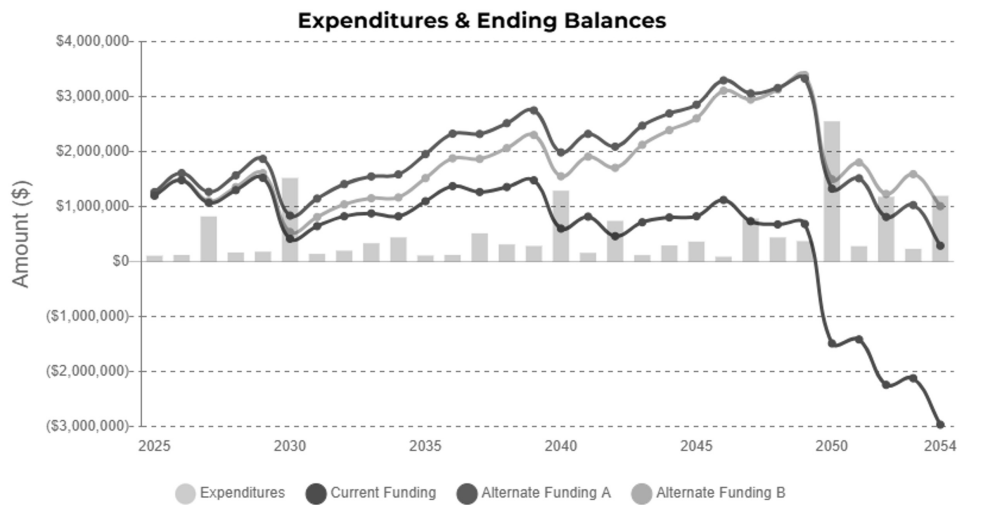
Purpose

Adequate Funds



Key Components

**Physical Evaluation
and Financial
Analysis**



Example of 30-year funding plans provided in a Reserve Study

Risks of Underfunded Reserves



**Potential Legal
Liabilities**



**Deferred
Maintenance**



**Increased
Assessments**



**Declining
Property Values**



**Community
Dissatisfaction**

Properly funding reserves is crucial to mitigate risks, maintain community assets,
and ensure the long-term financial stability of the HOA.

Reserve Study Building Blocks



**Component
List**



**Visual
Evaluation**



**Expenditure
Review**



**(Future) Cost
Estimates**



**Financial
Assessment**



Funding Plan

Turning observed conditions and projected costs into a long-range funding plan

The Key Three



**Return On
Investment (ROI)**



Inflation



**Project
Expenditure**

Annual Review: Are they accurate?

Funding Strategies



**Baseline Funding
(HIGH Risk)**



**Threshold
Funding**



**Fully-Funded
(LOW Risk)**

Funding Goal: Stability and Sustainability

When does Board-led make sense?

- Small community with limited common elements.
- Low replacement costs.
- Board experience (construction, engineering, finance).
- Annual updates only with a professional* study completed every three years.



When should you consider a professional study?

- Aging infrastructure (15+ years) with no prior studies completed.
- If underfunding has a high risk of special assessments and owner hardship.
- When a defensible third-party document is required (litigation, loans etc.)
- The board has insufficient time and/or experience.



What every board should do

- Maintain a common component inventory (age, estimated life, quantities)
- Review reserve balance, planned projects, completed work, inflation and ROI annually
- Adopt a contribution level the board agrees is “adequate” for reserves
- Update the reserve study when conditions, scope, costs or risk materially change

Thank you!



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Reserve Study Resources

Core Elements	Online / Free Tools	Brief Description
Component Evaluation	Fannie Mae – Appendix F Multifamily Estimated Useful Life Tables	Guideline that provides average estimated useful life values for most components
Cost Estimates	RSMeans Data Online (Free Trial Available)	Cloud-based tool offering construction cost data. Actual contractor bids are preferred.
Cost Estimates	Mortenson Construction Cost Index Trends – Minneapolis	Free online database that monitors historical increases in construction costs.
Annual Updates (Inflation)	Federal Reserve Bank of Minneapolis	Online tool to assist with evaluating historical inflation rates.