

## **Types of Reserve Studies**

### Levels of Service and what is in them

#### **Levels of Service**

Full Level 1 Reserve Study, with Site Visit/On-Site Inspection (*Usually the Initial Study*)

- Develops a Component Inventory
- Performs Condition Assessments
- Provides Life and Valuation Estimates
- Provides a Funding Status Statement
- Develops a Funding Plan

Level 2 Reserve Study Update, with Site Visit/On-Site Review (*Performed Every 3 to 5 Years*)

- Verifies Component Inventory from Previous Study
- Performs Condition Assessments
- Provides Life and Valuation Estimates
- Provides a Funding Status Statement
- Develops a Funding Plan

Level 3 Reserve Study Update, with No Site Visit/On-Site Review (*Performed between Site Visit Studies*)

- Provides Life and Valuation Estimates
- Provides a Funding Status Statement
- Develops a Funding Plan

#### **Physical Analysis**

- Component Inventory is developed or verified including the type and quantity of components.
- Condition Assessments are performed determining a component's physical condition with respect to reserves.
- Life and Valuation Estimate are projected to determine a remaining usable life and influences on replacement cost such as usage and aesthetics.

#### **Financial Analysis**

- Provides a Current Funding Status statement, which is typically limited to an Opening Balance and the Current Annual Funding of reserves.
- Develops a Funding Plan based on current funding and analysis of the inventory and replacement cycles.

#### **Coordination with Client**

- Incorporate client review comments and input, as needed.
- Provide rationale and explanations to Management and Board as needed.

#### **Continued Service**

- Attend meetings with membership and management to present findings.
- Annual reviews are typically performed by the Board of Directors and Community Management, or as a Level 3 Update.
- Develop a Strategic Funding Plan to help a facility get from where it is to where it should be.

**Level 2 Updates are recommended every 3 to 5 years.**