



Interactive Reserve Analysis

## A RESERVE STUDY IS REQUIRED BY STATUTE IN VIRGINIA

A reserve study is required by Section 55-79.83:1 of the Virginia Code (Virginia Property Associations Act and the Virginia Condominium Act) generally stated as follows:

The unit owners' association shall:

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;  
Review the results of that study at least annually to determine if reserves are sufficient; and  
Make any adjustments the executive organ deems necessary to maintain reserves, as appropriate.

To the extent that the Reserve Study indicates a need to budget for reserves the unit owner's association budget shall include, without limitations:

1. The current estimated replacement cost, estimated remaining life and estimated useful life of the capital components.
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 the capital components and the amount of the expected contribution to the reserve fund for that fiscal year.
3. A general statement describing the procedures used for the estimation and accumulation of cash reserves and the extent

to which the unit owners' association is funding its reserve obligations consistent with the study currently in effect.

Capital reserves are funds by the Owners Association to pay for the repair or replacement of common assets for which the Association is responsible.

The capital reserve account is funded by monthly or annual contributions from each home owner. Monthly contributions can be based on level, variable, steadily declining or steadily increasing payments. The capital reserve account can also be funded by special assessments for specific improvement projects.

A Reserve Study is a budgeting guide that provides the Association with a savings plan to cover capital costs for repairs and replacement of common assets. It is not intended to be a detailed maintenance schedule.

**If you have additional questions about DMA reserve studies, please contact us at our office at 804-644-6404 or by e-mail at [admin@dma-va.com](mailto:admin@dma-va.com).**