

# "Save now for the future" applies to condo communities, too | Home & Living

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If you own or live in a Virginia condominium, never, ever forget: A piggy bank is your best friend.

I'm talking about the need to plan and save for the expensive capital projects that every condo community inevitably will encounter – new roofs, a new parking lot, clubhouse refurbishment and the like.

The need to save now for future projects is so clear that Virginia law requires condo associations to conduct at least every five years a reserve study.

A reserve study is done by experts who consider the lifespan of current property features, such as roofs, and calculate how much an association needs to put in its piggy bank each year to be financially ready when those features need replacement

The state requires that your association's budget shall include:

"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 capital components and the amount of the expected contribution to the reserve fund for that year; and

"3. A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to this section and the extent to which the association is funding its reserve obligations consistent with the study currently in effect." [<https://law.lis.virginia.gov/vacode/title55/chapter26/section55-514.1/>]

This means that, in deciding the level of condo fees for any given year, your association's board will have to figure in not only the funding needed for regular operations, such as landscaping and property manager fees, but additional funding (as dictated by the reserve study) for those future capital projects.

Remember that that amount set aside in the cash reserve, or piggy bank, may fluctuate year to year because of inflation and the market cost of materials.

Some unit owners may squawk at the amounts set aside for reserves. Not everyone is a natural saver, and the thought of paying out cash for a benefit years down the road can be hard to swallow.

But it's even harder to swallow a special assessment. A special assessment is imposed over and above the annual condo fees when a big capital project must be done and your