

Management tools for effective reserve management

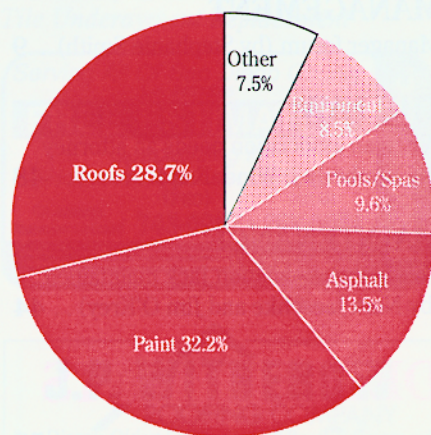
BY ROBERT J. PETRISIN

Community association managers and board members should realize that a comprehensive reserve study is an important management information tool. Although the study primarily provides for a summary of the strength of reserves (reserve funding level or percent funded) and a recommendation of the reserve allocation, supplemental information should be provided as a management tool for effective reserve management.

One effective management tool is called "category breakdown and allocation percentage" by which the reserve allocation and reserve balance are broken down into major categories by per-

centage. This percentage is then graphed into a pie shape to reveal significant category domination (see graph).

Most reserve study consultants would agree that these top categories are typically comprised of paint, roofs and asphalt pavement. A review of the graph indicates that the top three categories dominate approximately 75 percent of this particular association's reserve allocation. By utilizing this valuable tool, association management can focus in on these top categories to provide for the necessary inspection and maintenance intervals that will ensure/extend the components' life expectancies.



Another effective management tool derived from reserve studies is called the "field report." The information contained in the field report is vital to ensure/extend a reserve component's life expectancy. A physical on-site evaluation of the current condition of a reserve component should be performed by qualified personnel at least every three years. Within the report, required maintenance and/or preventative maintenance should be suggested. Clear and concise information regarding problem areas observed or alternative materials available should also be provided. Association management should be made aware that:

- 1) more than 90 percent of all coat/paint/stain failures are due to either moisture-related problems or inadequate preparation of the surfaces;
- 2) most roof leaks occur at the flashing locations; and
- 3) moisture penetration is the primary cause of pavement failure.

Community association management should utilize these management tools contained in a properly prepared comprehensive reserve study to effectively manage reserves.

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