

VIRGINIA ACTS OF ASSEMBLY -- 2019 SESSION

CHAPTER 44

An Act to amend and reenact §§ 55-79.83:1, 55-471.1, and 55-514.1 of the Code of Virginia, relating to common interest communities; dissemination of annual budget; reserve for capital components.

[S 1538]

Approved February 19, 2019

Be it enacted by the General Assembly of Virginia:

1. That §§ 55-79.83:1, 55-471.1, and 55-514.1 of the Code of Virginia are amended and reenacted as follows:

§ 55-79.83:1. Annual budget; reserves for capital components.

A. Except to the extent provided in the condominium instruments, the executive organ shall, prior to the commencement of the fiscal year, make available to unit owners either (i) the annual budget of the unit owners' association or (ii) a summary of such annual budget.

B. Except to the extent otherwise provided in the condominium instruments ~~and unless the condominium instruments impose more stringent requirements~~, the executive organ shall:

1. 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 as defined in § 55-79.41;

2. Review the results of that study at least annually to determine if reserves are sufficient; and

3. Make any adjustments the executive organ deems necessary to maintain reserves, as appropriate.

~~*B.*~~ *C. To the extent that the reserve study conducted in accordance with this section indicates a need to budget for reserves, the unit owners' association budget shall include, without limitations:*

1. The current estimated replacement cost, estimated remaining life, and estimated useful life of the capital components as defined in § 55-79.41;

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; ~~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 unit owners' association is funding its reserve obligations consistent with the study currently in effect; and~~

4. A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves.

§ 55-471.1. Annual budget; reserves for capital components.

A. Except to the extent provided in the declaration, the board of directors shall, prior to the commencement of the fiscal year, make available to lot owners either (i) the annual budget of the association or (ii) a summary of such annual budget.

B. Except to the extent otherwise provided in the declaration ~~and unless the declaration imposes more stringent requirements~~, the executive board shall:

1. 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 as defined in § 55-426;

2. Review the results of that study at least annually to determine if reserves are sufficient; and

3. Make any adjustments the executive board deems necessary to maintain reserves, as appropriate.

~~*B.*~~ *C. To the extent that the reserve study conducted in accordance with this section indicates a need to budget for reserves, the association budget shall include, without limitations:*

1. The current estimated replacement cost, estimated remaining life, and estimated useful life of the capital components as defined in § 55-426;

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; ~~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; ~~and~~

4. A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves.

§ 55-514.1. Annual budget; reserves for capital components.

A. Except to the extent provided in the declaration, the board of directors shall, prior to the commencement of the fiscal year, make available to lot owners either (i) the annual budget of the association or (ii) a summary of such annual budget.

B. Except to the extent otherwise provided in the declaration and unless the declaration imposes more stringent requirements, the board of directors shall:

1. 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 *as defined in § 55-509*;

2. Review the results of that study at least annually to determine if reserves are sufficient; and

3. Make any adjustments the board of directors deems necessary to maintain reserves, as appropriate.

~~B.~~ C. To the extent that the reserve study conducted in accordance with this section indicates a need to budget for reserves, the association budget shall include, without limitation:

1. The current estimated replacement cost, estimated remaining life, and estimated useful life of the capital components *as defined in § 55-509*;

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; and~~

4. A statement of the amount of reserves recommended in the study and the amount of current cash for replacement reserves.

2. That the Common Interest Community Board shall develop guidelines for the development of reserve studies for capital components, including a list of capital components that should be addressed in a reserve study.