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## HOUSE BILL NO. 2030

Offered January 9, 2019

Prefiled January 7, 2019

A BILL to amend and reenact §§ 55-79.83:1, 55-471.1 and 55-514.1 of the Code of Virginia, relating to reserves for capital components.

Patrons—Bulova and Murphy

Referred to Committee on General Laws

**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 is amended and reenacted as follows: § 55-79.83:1. Reserves for capital components.**

A. Except as otherwise provided in the condominium instruments, the executive organ shall, prior to the commencement of the fiscal year, make available to unit owners the unit owners' association annual budget or a summary of the unit owners' association 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;

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

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

BC. 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 section 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;~~

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

**§ 55-471.1. Budget; Reserves for capital components.**

A. Except to the extent otherwise provided in the declaration and unless the declaration imposes more stringent requirements, the executive board shall, *prior to commencement of the fiscal year, make available to owners the annual association budget or a summary of the annual association 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;

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.

BC. 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 section 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 the reserves recommended in the study and the amount of current cash for replacement reserves.*

**§ 55-514.1. Budget; Reserves for capital components.**

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59 A. Except to the extent otherwise provided in the declaration and unless the declaration imposes  
60 more stringent requirements, the board of directors shall *prior to commencement of the fiscal year, make*  
61 *available to the owners the annual association budget or summary of the annual association budget:*

62 B. *Except to the extent provided in the declaration the board of directors shall:*

63 1. Conduct at least once every five years a study to determine the necessity and amount of reserves  
64 required to repair, replace and restore the capital components;

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

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

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

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

71 2. As of the beginning of the fiscal year for which the budget is prepared, the current amount of  
72 accumulated cash reserves set aside, to repair, replace or restore capital components and the amount of  
73 the expected contribution to the reserve fund for that year; ~~and~~

74 3. A ~~general~~ statement describing the procedures used for the estimation and accumulation of cash  
75 reserves pursuant to this section ~~and the extent to which the association is funding its reserve obligations~~  
76 ~~consistent with the study currently in effect;~~ and

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

79 **2. That the Common Interest Community Board is directed to prepare guidelines for development**  
80 **of reserve studies that include a list of components that should be addressed in reserve studies.**