

What a California Reserve Study Must Include

A checklist to hold against the reserve study and the annual budget report your association sent you. Every row but the last is something the law requires today. Tick it when you have found it; a row you cannot tick is a question for the board.

"S" refers to the California Civil Code (Davis-Stirling Act, §§4000–6150). The full explanation is in "California HOA Reserve Studies and the Reserve Fund: What Owners Must Know" at haveny.co. From January 1, 2032, AB 2050 (Chapter 796, Statutes of 2026) adds a minimum contribution level; see row 9.

How to use this

Start with the study itself (this page), then the reserve pages of the annual budget report (next page). You are entitled to the full reserve study plan on request (§5300(b)(3)) and to inspect the association's records, including the minutes of the meeting that adopted the funding plan (§5200(a)(8), §5205).

WHAT TO LOOK FOR	WHAT THE LAW REQUIRES	WHERE TO FIND IT	FOUND
A. THE STUDY ITSELF (§5550, §5551, §5560)			
1. Date of the last site inspection, and who did it (the law does not require the study to name the inspector, but every competent study does)	A reasonably competent and diligent visual inspection of the accessible areas of the major components, at least once every three years, in any association whose components are worth at least half its gross budget, not counting reserves (§5550(a)).	The study's cover page or introduction; the inspector's name and the inspection date.	☐
2. Evidence the board reviewed the study this year	The board must review the study every year and consider and implement any adjustments it shows are needed (§5550(a)).	Board minutes; the annual budget report.	☐
3. A list of the major components with under 30 years of life left	Every component the association must repair, replace, restore, or maintain that has a remaining useful life of less than 30 years (§5550(b)(1)). Gas, water, and electrical lines count where the association is responsible for them (§5550(c)).	The component inventory, usually a table near the front.	☐
4. Remaining useful life of each component	The probable remaining useful life of each listed component as of the study date (§5550(b)(2)).	A column in the component table.	☐
5. Cost to repair or replace each component	An estimate of the cost of repair, replacement, restoration, or maintenance for each listed component (§5550(b)(3)).	A column in the component table.	☐
6. The yearly contribution needed	An estimate of the total annual contribution needed to pay for all listed components during and at the end of their lives, after subtracting the reserves already held (§5550(b)(4)).	The funding analysis or cash-flow pages.	☐
7. A reserve funding plan	How the association plans to fund that contribution (§5550(b)(5)), with a schedule of the date and amount of any assessment changes needed (§5560(a)). The board must adopt the plan at an open meeting (§5560(b)).	The funding plan section; the minutes of the meeting that adopted it.	☐
8. Condominiums (buildings of three or more attached units): the balcony and deck inspection report	The exterior elevated element inspection report must be signed or stamped by the inspector, presented to the board, and incorporated into the reserve study (§5551(f)).	An appendix or a reference to the report in the study.	☐
9. From 2032: the minimum contribution level	The study must state the minimum yearly contribution that keeps the projected balance above zero for the next 30 years, and the association must fund at least that (§5550(b)(6) and §5552(a), 2032 versions).	Not required until January 1, 2032; ask whether it has been calculated already.	☐

What the Annual Budget Report Must Say About Reserves

The budget report arrives 30 to 90 days before the end of the fiscal year (§5300(a)). These are the reserve items it has to contain, and the one-page summary form that has to come with it.

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B. THE RESERVE PAGES OF THE BUDGET REPORT (§5300(b), §5565)			
10. The summary of reserves, in bold type	Based on the latest study and cash only: each component's replacement cost, remaining life, and useful life; the cash reserves needed at year end; the cash actually set aside; the percentage of one to the other (percent funded); and the shortfall per unit (§5300(b)(2), §5565).	A boldface table or page headed "summary of reserves" or similar.	☐
11. Summary of the funding plan, and your right to the full plan	A summary of the plan the board adopted, with notice that the full reserve study plan is available to any member on request (§5300(b)(3)).	Usually a paragraph after the reserve summary.	☐
12. Any decision to defer work	Whether the board has decided to defer or not undertake repair or replacement of any component with 30 years or less of life left, with the reason (§5300(b)(4)).	A statement, even if it says "none."	☐
13. Any special assessment the board expects	Whether the board has determined or anticipates that a special assessment will be needed for a major component or to build reserves, and if so its estimated amount, start date, and duration (§5300(b)(5)).	A statement, even if it says "none."	☐
14. How reserves will be funded	The mechanism: assessments, borrowing, use of other assets, deferral of selected repairs, or another method (§5300(b)(6)).	A short statement.	☐
15. How the reserve figures were calculated	A general statement of the procedure, using the statutory formula, assuming no more than 2 percent above the Federal Reserve Bank of San Francisco discount rate as a return on cash reserves (§5300(b)(7)).	A short statement, often with the study's assumptions.	☐
16. Loans	Any outstanding loan with an original term over one year: lender, interest rate, amount outstanding, annual payment, and when it will be retired (§5300(b)(8)).	A statement, even if it says "none."	☐
C. THE ONE-PAGE FORM THAT MUST COME WITH IT (§5570, §5300(e))			
17. The Assessment and Reserve Funding Disclosure Summary	A standard form: the regular assessment per unit; any assessments already scheduled; whether projected reserves will be enough in each of the next 30 years (question 3); if not, what additional assessments would be needed (question 4); the required and projected reserve balances, with percent funded, now and for each of the next five years (questions 6 and 7).	A separate form, usually the last page of the budget report package.	☐

Rows you could not tick

Ask in writing, one question per missing row, and keep the reply. If the study is more than three years old, the funding plan was not adopted at an open meeting, or the form's question 3 says "No" with nothing in question 4, those are the questions to put first. A written question creates a written record, and internal dispute resolution is free if the answer does not come (§5910).

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