



— TEMPLATE —

Reserve Funding Policy (Board Resolution)

Financial Governance

DOCUMENT	Template
CATEGORY	Financial Governance
EDITION	2026
ISSUER	Common Interest Community Standards Council

TEMPLATE

Reserve Funding Policy (Board Resolution)

SECTION 01

Resolution Of The Board Of Directors

[ASSOCIATION_NAME]

SECTION 02

Reserve Funding Policy

WHEREAS, the Board of Directors of [ASSOCIATION_NAME] (the "Association") is charged under the Declaration, Bylaws, and applicable state statute with the prudent management of the Association's reserve funds for the long-term repair, replacement, and major maintenance of the Association's capital components; and

WHEREAS, the Association maintains a reserve study dated [STUDY_DATE], prepared by [PREPARER_NAME], that identifies the Association's capital components, their useful and remaining lives, replacement costs, and a recommended funding plan; and

WHEREAS, the Board has reviewed CICSC Standard FIN-001 (Reserve Funding Adequacy Standards), the National Reserve Study Standards published by the Community Associations Institute, and the applicable provisions of state law governing reserves; and

WHEREAS, the Board wishes to adopt a written reserve funding policy that codifies the Association's reserve method, funding benchmark, disclosure obligations, and corrective-action triggers;

NOW THEREFORE, BE IT RESOLVED that the Board of Directors hereby adopts the following Reserve Funding Policy, effective

[EFFECTIVE_DATE]

SECTION 01

METHOD SELECTION

The Association shall fund reserves using the following method

(select one)

- Component method Targeting 100% funded by accumulating the proportional cost of each capital component over its useful life.

- Cash-flow method Targeting a positive minimum reserve balance over a [____]-year planning horizon, with the minimum acceptable balance set at \$[____] or [____]% of fully funded, whichever is greater.
- Threshold method Targeting a minimum reserve balance of \$[____] that the reserve fund shall not drop below at any point in the planning horizon.

Method selection rationale

[ARTICULATE_BOARD_RATIONALE_HERE]

SECTION 02

FUNDING BENCHMARK

2.1 The Association adopts the 70 percent percent-funded benchmark identified in CICSC Standard FIN-001 as the presumptive measure of reserve adequacy.

2.2 Current percent-funded status [____]%

2.3 The reserve fund is currently in the following band

- Above 70% (presumed adequate)
- 30% to 70% (fair band -- disclosure obligations)
- Below 30% (corrective-plan obligations)

2.4 If currently in the fair or corrective band, the Board adopts the disclosure and corrective obligations set forth in Sections 5 and 6.

SECTION 03

ANNUAL RESERVE CONTRIBUTION

3.1 The annual reserve contribution shall be at least the level the current reserve study identifies as required to achieve or maintain the selected funding method.

3.2 Reserve study recommended contribution for the current fiscal year \$[____]

3.3 Board-adopted contribution for the current fiscal year
\$[____]

3.4 If the adopted contribution is below the recommended level, the Board hereby adopts the following written

glide path

Year 1 contribution \$[____]

Year 2 contribution \$[____]

Year 3 contribution \$[____]

Year 4 contribution \$[_____] _____

Year 5 contribution \$[_____] _____

Year glide-path target reached [YEAR] _____

3.5 The reserve contribution shall be entered first in the annual budget build, not last. The operating side shall absorb the residual, not the reserve side.

SECTION 04

RESERVE SEGREGATION AND DISBURSEMENTS

4.1 Reserve funds shall be held in accounts segregated from operating funds.

4.2 Reserve accounts

Account 1 [BANK / ACCOUNT_DESCRIPTION] _____

Account 2 [BANK / ACCOUNT_DESCRIPTION] _____

4.3 Reserve disbursements shall be authorized only for

(a) capital components identified in the reserve study; (b) other capital improvements approved by the Board consistent with the Declaration; and (c) emergencies as the Declaration and applicable statute permit.

4.4 Reserve disbursements shall comply with the Association's Spending Authorization Policy, including any dual- signature requirements.

4.5 Investment of reserve funds shall comply with the Declaration and applicable state law. The Treasurer shall report on reserve account investment positions at each regular Board meeting.

SECTION 05

DISCLOSURE OBLIGATIONS

5.1 The Association shall disclose to members at least

annually

(a) the current percent-funded status of the reserve fund; (b) the funding method selected by the Board; (c) the reserve study date and preparer; (d) the recommended annual contribution and the adopted contribution; (e) any glide path then in force; and (f) the components most likely to drive a special assessment within the next ten years.

5.2 The disclosure shall accompany the annual budget mailing to members and shall be posted to the community portal or website.

5.3 Florida HOA additional disclosure

(Where applicable.) The Association shall comply with Fla. Stat. Section 720.303(6) reserve account disclosure requirements.

SECTION 09

ADOPTION

The foregoing Reserve Funding Policy is adopted by the Board of Directors at a properly noticed open meeting on [ADOPTION_DATE].

Motion by _____ [DIRECTOR_NAME]

Second by _____ [DIRECTOR_NAME]

Vote For: ___ Against: ___ Abstain: ___ Recused: ___

President signature _____

[PRESIDENT_NAME]

Date _____ [DATE]

Secretary signature _____

[SECRETARY_NAME]

Date _____ [DATE]

SECTION 12

Exhibit A -- Referenced Documents

- Reserve study dated [STUDY_DATE]
 - Reserve study update memorandum dated [UPDATE_DATE]
 - Most recent annual budget
 - CICSC Standard FIN-001 (Reserve Funding Adequacy Standards)
 - Spending Authorization Policy of [ASSOCIATION_NAME]
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