

# Waterford Place Homeowners Association, Inc.

*Capital Reserves Analysis FY2026*



Homeowners associations have the responsibility, under their declaration, to maintain, repair, and replace common areas. This is accomplished by maintaining appropriate reserve funding levels and conducting periodic reserve studies to assess the financial needs for maintaining, repairing, and replacing common areas and shared assets in a homeowners association. These actions by the governing body (Board of Directors) are necessary to ensure long-term financial stability and avoid unexpected costs for lot owners.

The reserve funding level is determined based on the recommendations in the most recent reserve study or updated reserve study completed under § 11B-112.3 of the Maryland Code. The annual reserve funding level must align with the funding recommendations from the most recent reserve study. These funds must be deposited into the reserve account by the end of each fiscal year.

# Reserve Funding



# What is the significance of the annual reserve funding level?

- Ensures that the homeowners association sets aside adequate funds to maintain and repair common areas over time.
- Based on recommendations from the most recent reserve study or updated reserve study, and must be achieved within a specified timeline.
- Helps prevent financial shortfalls and ensures the long-term sustainability of the association's responsibilities.

# Annual Reserve Funding Level

# How is the reserve study conducted for homeowners associations? <sup>4</sup>

A reserve study typically involves the following steps:

- **Assessment of Common Areas:** Certified reserve specialists evaluate the physical condition of common areas and shared facilities, such as the road, parking bays, walking path, playground, picnic/sitting areas, sidewalks, curbs, gutters, entrance monument, stormwater management, and signage.
- **Estimation of Useful Life:** They estimate the remaining useful life of these components and the cost of repairs or replacements.
- **Financial Analysis:** The study calculates the amount of money the association needs to set aside annually to meet future repair and replacement costs.
- **Recommendations:** The study provides funding recommendations to ensure the association maintains adequate reserves.



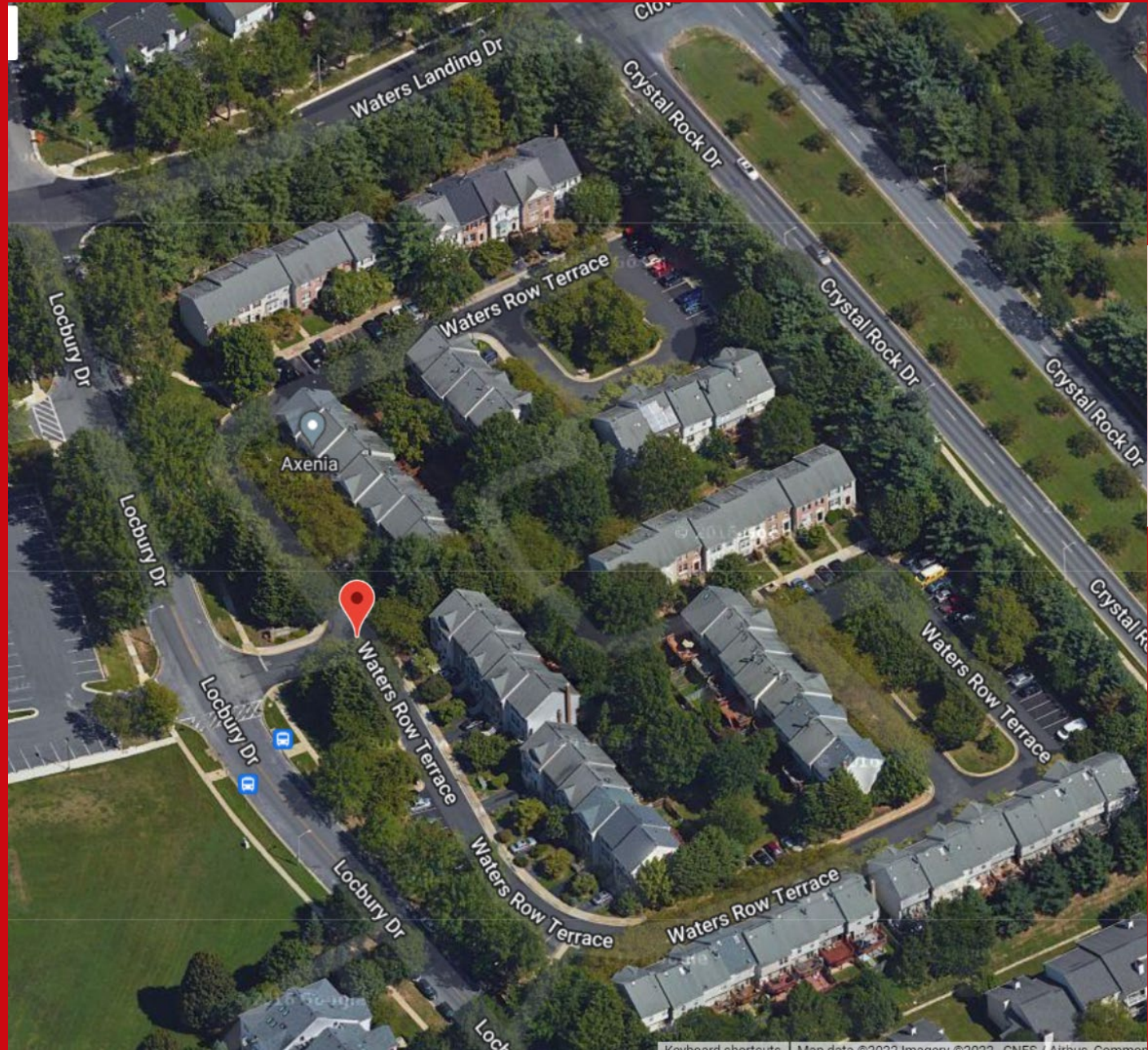
## RESERVE STUDY



**This process helps homeowners associations plan for long-term maintenance and avoid unexpected financial burdens.**

# Waterford Place Homeowners Association

*Reserve Funding  
Analysis  
(2014-2028)*



# WPHOA Reserve Funding Analysis (2014-2019)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2013; period covered 2014-2017. \*Next RS updated March 2020.

BUDGET YEAR	Proj'd Reserve Rpt (2014) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2014) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31)	EOY Balance Delta +/-	Proj'd Reserve Rpt (2014) Planned/Projected Capital Element Replacement
2014	\$10,624	\$880	(\$9,744)	\$125,183	\$128,303	\$3,120	\$12,825
2015	\$11,254	\$16,721	\$5,467	\$130,577	\$127,616	(\$2,961)	\$5,230
2016	\$11,924	\$14,961	\$3,037	\$141,012	\$143,610	\$2,598	\$0
2017	\$12,633	\$11,924	(\$709)	\$151,575	\$154,939	\$3,364	\$250
2018	\$13,385	\$9,681	(\$3,704)	\$162,199	\$166,454	\$4,255	\$0
2019	\$14,182	\$880	(\$13,302)	\$171,579	\$152,638	(\$18,941)	\$1,000
2020*	\$10,931	\$10,561	(\$370)	\$37,680	\$182,611	\$144,931	\$104,976

**COMMENTS:** **2014** – Planned repairs/replacement of asphalt pavement rejuvenation and tot lot wood retaining wall were deferred until 2021-2023. A ‘No Parking’ sign \$276 was purchased in 2014; and the Board wrote off \$5K that was due to be deposited in the reserve account. **2015** – Planned repairs/replacement of asphalt path overlay, wood picnic table, and wood bench were deferred until 2022-2024. Cap Res expenditures \$18,320. **2016** – No scheduled replacements. **2017** – Planned repairs for asphalt path seal coat deferred until 2026. **2018** – No scheduled replacements. **2019** – Misc. signage replacement was deferred until 2022-2023. Board borrowed \$18,391.90 from the Cap Res account for the landscaping project in 12/2019. **2020\*** – Planned repairs/replacement of asphalt path rejuvenation, concrete flatwork, Tot Lot MP structure, metal benches, and receptacle were deferred until 2022-2023. \*2020 Level 2 Reserve Study conducted in 3/2020; updated version 6 in 2022.

# WPHOA Reserve Funding Analysis (2020-2024)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2020; period covered 2020-2024. Next RS updated June 2024.

BUDGET YEAR	Proj'd Reserve Rpt (2020) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2020) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31) [Audited #s]	EOY Balance Delta +/-	Proj'd Reserve Rpt (2020) Planned/Projected Capital Element Replacement
2020*	\$10,931	\$10,561	(\$370)	\$37,680	\$182,611	\$144,931	\$104,976
2021	\$11,768	\$11,367	(\$401)	\$14,993	\$90,689	\$75,696	\$58,140
2022	\$12,775	\$12,400	\$375	\$27,200	\$35,769	\$8,569	\$0
2023	\$13,069	\$11,924	(\$1,145)	\$39,407	\$31,934	(\$7,473)	\$0
2024*	\$13,369	\$15,547	\$2,178	\$51,614	\$41,012	(\$10,602)	\$0

**COMMENTS:** **2020\*** – Planned repairs/replacements of asphalt drive lanes/parking areas, mill/overlay/seal coat; Stormwater mgt; Wood picnic table/benches; Wood benches/metal frame; trash receptacle; PTL retaining wall/planter (tree well) were deferred until 2021-2022. *COVID-19 pandemic in effect.* Cap Res expenditures picnic table/benches/receptacle - \$1,790. **2021** – Prior years’ deferred maintenance repairs/replacement of concrete curb/gutter/barrier; Signage replacement; Stormwater mgt; Tot Lot play structure; Tot Lot border/retaining wall; Tot Lot surfacing – completed deferred maintenance in 2021-2022. *COVID-19 pandemic in effect.* Cap Res expenditures \$105,403. **2022** – No scheduled replacements; but completed prior years’ deferred maintenance in 2023-2024. *COVID-19 pandemic in effect.* **2023** – No scheduled replacements. The planned repairs for the asphalt path seal coat is deferred until 2026. **2024\*** – No scheduled replacements. Completed prior years’ deferred maintenance in 2024 (entrance monument repoint, concrete flat work/sidewalks). 2024 Level 2 Reserve Study conducted in 6/2024. The FY2024 Budget approved in October 2023 was based on calculations using the 2020 WPHOA Reserve Study.

# WPHOA Reserve Funding Analysis (2024-2028)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2024; period covered 2024-2028. Next RS expected in 2026-27.

BUDGET YEAR	Proj'd Reserve Rpt (2024) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2024) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31) [Unaudited #s]	EOY Balance Delta +/-	Proj'd Reserve Rpt (2024) Planned/Projected Capital Element Replacement
2024*	\$15,474	\$15,547	\$73	\$47,406	\$41,012	(\$6,394)	\$0
2025	\$16,402	\$18,514***	\$2,112**	\$48,214	\$59,626**	\$11,412**	\$14,666
2026	\$17,386	\$17,386***	\$0	\$63,688	TBD	TBD	\$0
2027	\$18,430	\$18,430***	TBD	\$78,561	TBD	TBD	\$600
2028	\$19,536	\$19,536***	TBD	\$77,135	TBD	TBD	\$16,900

**COMMENTS:** **2024\*** – No scheduled replacements. **2025** – Planned repair/replacement of Seal coat asphalt drive lanes, path; Tot lot surfacing/mulch (3") were deferred until 2026. **2026**– No scheduled replacements; but plan to complete seal coating and Tot Lot surfacing/mulch; inspect play structure. **2027** – Planned repair/replacement of the entrance monument carriage lamp, if necessary. **2028** – Planned repair/replacement of the CBU's/mailboxes (6); Tot lot surfacing/mulch (3"). 2024 Level 2 Reserve Study conducted in 6/2024; updated (version 2) in 10/2024. Expect to update RS after 3 years (2026-7) due to recent experience of price increases/inflation in the construction industry-related expenses.

\*\* Estimated balances calculated for EOY 2025

\*\*\* Minimum amount to be deposited by EOY in capital reserve account, per 2024 WPHOA Reserve Study, ver. 2, 10.22.2024

# WPHOA Reserve Loan Repayment Analysis (Proposed Repayment Plan)

*In December 2019, the 2018-2019 Board of Directors borrowed \$18,391.90 (\$17,335 + \$1,056.90) from the WPHOA Capital Reserves Account to cover landscaping improvement costs (front entrance landscaping project). Since landscaping expenses are not considered valid capital expenditures, the \$18,391.90 must be repaid to the WPHOA Capital Reserves Account. This cannot be written off as a bad debt.*

BUDGET YEAR	Debit (Amount Repaid)	Credit (Amount Borrowed)	Balance Due
2019		\$18,391.90	\$18,391.90
2020	\$0		\$18,391.90
2021	\$583.30		\$17,808.60
2022	\$758.29		\$17,050.31
2023	\$2,020.63		\$15,029.68
2024	\$816.62		\$14,213.06
2025	\$699.96*		\$13,513.10*
2026	\$3,379**		\$10,134.10**
2027	\$3,379**		\$6,755.10**
2028	\$3,379**		\$3,376.10**
2029	\$3,376.10**		\$0

\* Estimated EOY 2025  
\*\* Proposed annual repayment amount FY2026 – FY2029