

LAIA Reserve Analysis Policy.

The LAIA Board of Directors is empowered by the Articles of Incorporation and By-Laws “to acquire, own, hold, sell, construct, maintain, operate and manage the roads, lakes, paths and other ways, and grounds appurtenant thereto.” Furthermore, the Board is empowered “to raise funds by assessment of members and such other means as may be necessary to carry out the foregoing purposes.” Therefore, in order to reduce the frequency and size of special assessments, increase financial transparency, improve the maintenance of common areas, sustain neighborhood property values, and increase the fairness of our funding system, the LAIA Board shall implement and utilize a Reserve Analysis approach to budgeting as outlined below.

Each year the Board shall conduct a Reserve Study that:

- Identifies all the Association’s current and proposed physical assets with a lifespan of greater than 2 years
- Specifies a reasonable schedule for acquiring, maintaining and replacing each of these assets based on past experience and local conditions
- Assigns a reasonable estimated cost to maintaining and replacing each of these assets based on past experience and current costs for the area
- Groups related assets into Asset Accounts such as: Roads, Parks and Playgrounds, Mailboxes and Stands, and Lakes and Dams
- Presents a 25 Year Maintenance and Replacement Schedule for each Asset Account that identifies the years in which acquisition, maintenance, or replacement, will occur for each asset, along with the estimated costs incurred each year for each asset
- Calculates the total estimated cost of acquiring, maintaining, and replacing these assets over 25 years

Using the information above, the LAIA Board will set a household annual capital assessment that fully funds the acquisition, maintenance, and replacement of these assets in equal installments over 25 years, taking into account current balances in the Asset Accounts, and expected delinquencies.

Reserve funds generated by this capital assessment shall be kept in a separate bank account from funds generated by the operating assessment.

Reserve funds are to be used only for the acquisition, maintenance, and replacement of assets specified in the Reserve Study.