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Reserve Readiness Checklist

CALIFORNIA · AB 2050
12 QUESTIONS · 1 ACTION
EDITION 2026-11

Association _____ ☐ Condo / co-op ☐ Planned development Date _____

The rule: check Yes only if your board could show it on paper today.

A Plan and pay	YES	NO
01 Our reserve study was updated or reviewed in the last 12 months.	☐	☐
02 We know this year's reserve contribution in dollars, without looking it up.	☐	☐
03 We know our three biggest projects in the next five years, and what each will cost.	☐	☐
04 We set the reserve amount first in the budget. It is not what is left over.	☐	☐

B Today's rules	YES	NO
05 We know if we are a condo or a planned development, and if lenders test our reserves.	☐	☐
06 At least 15% of assessment income goes to reserves. Condos and co-ops (Fannie Mae, from Jan 4, 2027). Planned developments: check Yes.	☐	☐
07 Our budget report and reserve summary go to owners 30 to 90 days before year end. Civil Code 5300. Late reports limit the board's 20% dues power.	☐	☐
08 We know where our reserve money sits, how much is insured, and what it earns.	☐	☐

C Ready for 2032	YES	NO
09 Our study shows our reserve cash flow year by year for the next 30 years.	☐	☐
10 Our reserve balance stays above zero in every one of those 30 years.	☐	☐
11 We know the gap between what we put in now and the minimum that keeps us above zero.	☐	☐
12 Our owners have heard about AB 2050 and what our board plans to do.	☐	☐

YOUR SCORE _____ / 12	10–12 Ahead of most associations.	6–9 On your way. Fix your weakest section.	0–5 Start now. Get your 30-year number.

Most boards score lowest on section C. Those questions are new as of September 29, 2026, and there are five budget cycles left to turn them into yes. **Turn over for your one action.**

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One action. One name. One date.

THE ONE ACTION
Pick the “No” that matters most. Can’t pick? Ask your reserve study provider whether your balance stays above zero for 30 years, and how big the gap is.

WHO DOES IT
A person’s name. Not “the board.”

BY WHEN
A real date. Your next board meeting is best.

WHO ELSE NEEDS TO KNOW
Owners · your manager · your reserve study provider · your banker

01 Key dates

AUG 3, 2026
Lenders eliminate Limited Review. Most condo loans get a full look at budget and reserves.

JAN 4, 2027
Condos and co-ops: at least 15% of assessment income to reserves for most loans.

JAN 1, 2032
AB 2050 funding rules start for every California HOA.

02 AB 2050, from Jan 1, 2032

1. The study shows the minimum yearly amount that keeps the reserve balance above zero for 30 years.
2. The board updates the study every year.
3. Put in at least that minimum every year.
4. If the 30-year projection drops below zero, move at least 15% of the gross yearly budget into reserves each year until it no longer does.
5. If the budget can’t cover it: a reserve funding special assessment. Normal limits apply; above them, owners vote. Once every nine years at most.

New Civil Code 5550(b), 5552(a)–(e). Covers condos and planned developments.

03 Four ways to pay

Raise dues	Up to 20% a year without an owner vote, if the budget report went out on time.
Special assessment	Up to 5% of budgeted expenses without an owner vote.
Ask the owners	Above either limit. Majority of a quorum; quorum is more than half the members.
Borrow	Repaid from dues. Check your CC&Rs; many require an owner vote.

Civil Code 4070, 5605, 5615.

04 Two different 15% rules

	Mortgage lenders	AB 2050 (California law)
WHO	Condos and co-ops, when an owner sells or refinances	Every California HOA, planned developments too
STARTS	January 4, 2027	January 1, 2032
15% OF	Assessment income, going to reserves	Gross yearly budget, moved into reserves
WHEN	A test on most condo loan reviews	Only if the 30-year projection drops below zero
IF YOU MISS	Buyers may not get a normal loan	Reserve funding special assessment

05 A suggested runway

2027
Know your number: 30-year cash flow and the minimum.

2028
Close the gap in steps, not all at once.

2029
Adopt an investment policy that fits the schedule.

2030
Tell owners the plan before the bill arrives.

2031
Update the study. Confirm the 2032 budget meets the minimum.

A suggested path, not a legal schedule. Not legal or investment advice; check with your association’s attorney.

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