

YOUR CHOICE: STATUTORY VS. NON-STATUTORY RESERVE ACCOUNTS

Statutory Reserve Accounts are those created pursuant to Wisconsin Statute section 703.163. An existing condominiums *must* create a statutory reserve account *unless* it votes in writing by a majority of the members not to have the account. Whatever decision the Association makes, that choice must be recorded with the Register of Deeds using a Statutory Reserve Account Statement form.

An association may elect to have a statutory reserve fund, to have a common reserve fund, to have both, or to have neither. To aid your Association in its decision, here is a comparison:

COMPARISON

Statutory	Non-Statutory
<ul style="list-style-type: none">• Spending restrictions impose discipline on Associations which may not otherwise save for the “big projects”	<ul style="list-style-type: none">• No use restrictions• Requires greater discipline by Association when deciding when to spend
<ul style="list-style-type: none">• No requirement of “how much” must be reserved	<ul style="list-style-type: none">• No requirement of “how much” must be reserved
<ul style="list-style-type: none">• Reserve amount must be in Association’s annual budget	<ul style="list-style-type: none">• No requirement.
<ul style="list-style-type: none">• Funds must be used for repair and replacement of common elements, NOT for routine maintenance	<ul style="list-style-type: none">• No requirement.
<ul style="list-style-type: none">• If Association needs to use funds for routine maintenance, it must first receive written consent of 2/3 of unit votes. Funds must be replaced within 3 years.	<ul style="list-style-type: none">• No requirement.

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