

Policy 9
The Seasons at Tiara Rado Homeowners' Association

RESERVE STUDIES

Ideally, the funds required for maintenance, repair, replacement and/or improvement of the components owned by the Association, will already be set aside for these purposes in reserve funds. That way, funds are available when needed, and all Owners who benefit from those components during their useful life will contribute their fair share towards repair and replacement. To that end, the Board will conduct a reserve study, under the procedures outlined below, from time to time, as it should determine such studies are necessary.

- 1) Components covered by the Reserve Fund must have a minimum estimated cost of \$5,000.00. (Components under this amount will be expensed through approval of the annual budget.)
- 2) The Board may request quotes from qualified businesses or research by a Director to determine the proper replacement cost to be allocated for components.
- 3) The Board may request estimates of "useful life" in years from qualified businesses or research by a Director to determine the proper time a component is expected to continue to serve its intended purpose if given regular and proper maintenance.

The Annual Financial Disclosure statement will include a Reserve Component page reporting: Component name, estimated cost, estimated year monies might be allocated and yearly reserve regular assessment. (Minimum 3-year projection.)

Assessment calculations are to be adjusted to reach funding requirements and decisions will be made about the amount of regular Assessments, the need for special Assessments, and decisions to defer or forego certain maintenance, repair, replacement and/or improvement by the Board.

Adopted on _____

Secretary