

Reserve Policy

1. Adequate reserves shall be established to provide for the repair and upgrade of roofing, streets, pools, plumbing and electrical infrastructure, and capital improvements.
2. Funding of the reserve account shall occur monthly from the operating funds.
3. The reserve account shall have an annual budget that coincides with the annual budget of the operating funds (July-June) and shall be approved by the Board of Directors in coordination with approval of the annual operating budget.
4. The reserve account shall not be used for annual operating expenses. If annual operating expenses exceed operating revenues, then a dues increase should be approved by the Board of Directors.
5. The reserve budget shall be reviewed annually to assure that reserves are being accumulated sufficient to meet the long- term reserve requirements.
6. Investment policy: Reserves shall be invested in investments with terms not to exceed five years. At least twenty (20) percent of reserves shall be maintained in cash or cash equivalent investments. Cash in banks shall not exceed the \$100000 bank insured levels. It is our policy to invest funds in conservative investments such as treasury obligations and certificates of deposit and not in investments that are speculative in nature. The need for liquidity of reserve funds shall be deemed a greater need than the need for higher rates of return.
7. Capital items are those items that have a useful life in excess of one year and extend the useful life of the building and improvements.
8. All insurance deductibles are to be paid out of the reserve account.

Amended 4/19/05