

Board of Directors

Reserve Account Policy and Procedure

Policy:

The purpose of this document is to outline the use and funding of the Beaver Creek on the Plains HOA reserve bank account as established by the Board of Directors (Board) and Architectural Control Committee (ACC). The HOA observes that reserve funds are a vital component of responsible community management. They provide the necessary resources to maintain financial stability to the community.

Procedure:

- Reserve funds will remain separate and apart in purpose and account from operating funds.
- The reserve account will receive funding from the operational account. Annual reserve account funding will be in accordance with the approved annual operations budget.
- By January 15th of each subsequent year, any excess funds exceeding the expected first quarter's operational expenses will be transferred into the Reserve Account.
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- By April 15th of each year, the balance of the first quarter funds from the prior year will be transferred into the reserve Account.
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- The reserve account will be funded at a minimum of 70% of the annual operating expenses. The reserve account will be funded ideally at 100% of the annual operating expenses.

The reserve account shall not exceed 100% funding. In the event that the reserve account were to reach full funding of 100% of the expected annual budget, the Board and ACC will reassess the HOA's annual assessment.

The reserve account may be used for the purpose of major, large scale maintenance and repairs of assets of the community. Funds for the reserve account may be used for unexpected damage or emergencies.

- Any use of the reserve account requires approval by a majority vote of the members of
- both the ACC and Board.
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- The HOA Board and ACC govern the reserve account on behalf of the HOA. The Board provides operational management of the reserve account.

December 23, 2023