

CIVANO 1 NEIGHBORHOOD 1 ASSOCIATION

RESOLUTION #10-01 ASSET IMPROVEMENT FUND POLICY

Whereas, Article 11, Section 11.1 of the *Amended and Restated Declaration of Covenants, Conditions and Restrictions for Civano 1: Neighborhood 1* (the "CC&Rs") grants the Association the right and power necessary for the reasonable administration of the affairs of the Association in order to effectuate all of the objectives and purposes of the Association and which are contained in the Civano Master PAD; and

Whereas, Article 11, Section 11.2 of the CC&Rs empowers the Associations Board of Directors to adopt, amend, and repeal rules and regulations pertaining to all aspects of the Association's rights, activities and duties; and

Whereas, Article VII, Section 7.2 of the Bylaws authorizes the Board of Directors to hold and administer the assets and direct, control, manage and supervise the business and affairs of the Association;

Now therefore, the Board of Directors hereby establishes an Asset Improvement Fund, effective March 1, 2010.

PURPOSE: Civano 1 Neighborhood 1 Association intends to establish a fund to improve and expand its common area facilities. The Association intends to maintain these funds in a designated Asset Improvement account. These funds are separate from the Replacement Reserve Fund, i.e. funds earmarked for the replacement of existing physical components.

Guidelines: The Asset Improvement Fund will be subject to the following:

- 1) The Asset Improvement Fund shall be used to pay for new Asset Improvements as well as for the expansion of existing common area facilities, buildings and amenities (where such improvements go beyond the footprint and/or beyond the scope of the original facility), as well as any design or engineering fees and costs associated therewith.
- 2) The Asset Improvement Fund shall not be used to meet the operating expenses of the Association, other than on a temporary basis as outlined in section 10 below.
- 3) The Asset Improvement Fund shall not be used to fund projects that fall within the scope of the Replacement Reserve Fund and within its established Policy.
- 4) A component/asset within this Fund shall be defined as a readily-identifiable asset with a cost of \$1000 or more that has a useful life of more than one (1) year.

- 5) The Association will identify a list of Asset Improvement projects from time to time.
- 6) The primary source of funding for the Asset Improvement Fund shall be from annual assessments as approved and authorized by the Board of Directors in each annual budget, and/or from properly authorized Special Assessments.
- 7) The Board of Directors, at its sole discretion, shall determine the appropriate funding of the Asset Improvement Fund as it believes is prudent for the community.
- 8) Association members shall be advised, on an annual basis through the distribution of the annual approved budget, the amount of funds to be contributed to the Asset Improvement Fund each budget year.
- 9) The Asset Fund shall be identified as a separate line item on the Association's yearly budget and will be maintained and accounted for separately from the Association's operating fund or other funds.
- 10) The Association is authorized to transfer money from the Asset Improvement Fund to either the operating account or the Replacement Reserve Fund, provided that it is authorized by the Board of Directors and recorded in its meeting minutes. The action will stipulate the amount to be transferred, and to which Account.
- 11) Withdrawals from the Asset Improvement Fund shall be authorized at all times by the Board of Directors, and shall only be used for the purposes outlined above in sections 1 and 10.

The Board of Directors reserves the right to make reasonable interpretations regarding the intent and use of this Policy.

Approved by the Board of Directors on February 23, 2010

Dated this 23rd of February, 2010

CIVANO 1: NEIGHBORHOOD 1 ASSOCIATION,
An Arizona non-profit corporation

By: _____
Its: President



ATTEST: Judyth D. Hillis
Secretary