

TOWER LAKES CONDO ASSOCIATION

Board of Trustees

Fiscal Policy: 2015-1

Subject: CREATING RESERVE FUND FOR THE COMMON AREAS

Date: February 17, 2015

Effective Date: April 1, 2015

Revision Date:

Reference: Second Amendment and Restatement of Declaration of Covenants and Restrictions for Tower Lakes Subdivision, Section 5 - Covenant for Assessments, Subsection 5.2 – Purpose of Assessments

Authority: Bruce Hotzblum, President, Board of Trustees

Fund Number 1204 is created effective with the proposed increase in Annual/Monthly Assessment fees schedule to take effect on April 1, 2015.

Fund Number 1204 in the 2015 Tower Lakes annual budget shall be designated MAJOR CAPITAL IMPROVEMENT - COMMON AREA 5% RESERVE. Five (5) Percent of the estimated annual Operating Revenue collected from the monthly assessment fees shall be placed in *Fund Number 1204* on April 1, 2015.

The MAJOR CAPITAL IMPROVEMENT - COMMON AREA 5% RESERVE (*Fund Number 1204*) shall be used for the "...improvement and maintenance of the properties, services and facilities...and related to the use, operation, maintenance and enjoyment of the Community Property..." as defined in Section 5- Covenant for Assessments, Subsection 5.2 – Purpose of Assessments of the Second Amendment and Restatement of Declaration of Covenants and Restrictions for Tower Lakes Subdivision dated 2006. The Community Center (Farmhouse) is specifically but not exclusively mentioned in that subsection.

Any funds not designated for expenditure from the 5% Reserve (*Fund Number 1204*) at the end of the fiscal year (December 31, 2015) shall be invested in a CD designated for capital improvement of common areas in the future.

For the purposes of this Policy, Major Capital Improvements shall be defined as those Capital Improvements that cost \$2,500.00 or more.

As with other budget items, the Board shall evaluate the need for the **MAJOR CAPITAL IMPROVEMENT -COMMON AREA 5% RESERVE** during normal budget planning at the end of each fiscal year.

The Board of Trustees shall make changes in the amount allocated to the **MAJOR CAPITAL IMPROVEMENT -COMMON AREA 5% RESERVE** as they deem appropriate based on other budget requirements and funding.