

Nine Mile Ranch HOA Policy 2012-1 Maintenance of Reserve Funds

Background

The covenants require that the Board of Directors (BOD) maintain an emergency reserve fund. See ARTICLE IV Section 4. This requirement does not set any guide lines for the fund so historically the BOD has used their best judgement. During the formative years the BOD elected to defer road maintenance and a small fund was accrued. By the winter of 2004-05 the fund had grown to about \$20,000 . During the summer of 2005 the membership voted to increase the annual assessment to \$160 per lot. This provided an additional \$17,000 per year to be used for roads and reserve funding. At that time the BOD agreed to set an unofficial goal of \$50,000 for the reserve fund. By 2008 that goal was achieved, and the reserve fund has not dropped below \$50,000 since that time. The extra funding has also allowed several small road improvement projects in addition to the regular road maintenance. A relatively large reserve fund is required due to the nature of our steep and narrow roads. A large 100 year type storm could cause extensive damage that would require immediate repair. Our covenants provide for emergency assessments, but this requires a member vote followed by the collection process (ARTICLE IV Section 6). Clearly immediate funds are required, and the assessment process could be used to restore the fund, if necessary. The present funding and road maintenance process has resulted in continued overall road improvement each year, and a stable reserve fund.

POLICY 2012-1 Nine Mile Ranch HOA Reserve Fund

It shall be the policy of the Nine Mile Ranch BOD to maintain a reserve fund equal to or greater than that years annual budget. The reserve fund shall be held in a FDIC insured or equally safe account. The BOD may access the reserve fund at their discretion, by a simple majority, to meet emergency needs of the HOA. It is the duty of the BOD to maintain the integrity of the reserve fund and to maintain the desired funding level to the best of their ability.