

Cherryhill Homeowners' Association

Policy Regarding Reserve Fund Studies and Investment of Reserve Funds

BE IT RESOLVED, the Association, acting by and through its board of directors, hereby adopts the following policy and procedures relating to reserve fund studies and the investment of reserve funds.

EFFECTIVE DATE: September 23, 202^A~~8~~

Purpose. is the intent that the reserve fund will help minimize the need for special assessments due to unexpected costs. This policy outlines the procedures involved in conducting reserve studies and addresses the funding and investment of the reserve funds.

1. **Definitions:**

- (a) A **reserve study** is a tool used to enable an association to determine the amount of money that should be set aside to repair, replace and restore major components of the common elements of the association over time.
- (b) **Reserves** are funds the association sets aside to cover unanticipated costs and the anticipated costs for the replacement of or significant repairs to major common area components that the association is obligated to maintain.
- (c) **Reserve expenses** are those expenses incurred by the association for such replacement, repairs, or costs.

2. **Reserve Study:** The board of directors will conduct an internal physical reserve study at least every 5 years. The board of directors will annually review the last reserve study to assure that the assumptions of the study are still accurate and that the reserve fund, if it exists, is adequate. The study will list the association's capital assets, their expected life, their remaining life, and the estimated cost to replace them. The list will also include unanticipated cost items, such as legal expenses, and the desired amount of reserves needed for the unanticipated cost item. If a reserve fund has been created, the study shall also include the reserve fund balance, reserve contributions, and expected reserve expenses until the next study. At the meeting of the association members the study shall be presented to the homeowners.

3. **Funding Plan:** The establishment and funding of the reserve fund shall be left to the discretion of the board of directors.

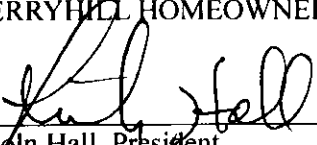
4. **Financial Reporting on Reserve Fund:** The treasurer of the board of directors will include the reserve funds starting balance, expenditures (if applicable), deposits, and ending balance of the reserve fund on each association yearly financial report.

5. **Investment of Reserve Funds.** The investment of reserve funds shall be left to the discretion of the board of directors. All funds shall be deposited in federally insured account(s). The reserve fund need not be in its own separate account from the association's checking account.

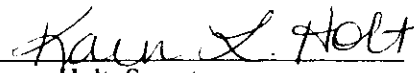
CERTIFICATION: The undersigned certifies that the Board of Directors of the Association adopted the foregoing policy by majority vote.

CHERRYHILL HOMEOWNERS' ASSOCIATION

ATTEST:



Lincoln Hall, President



Karen Holt, Secretary