

One Breckenridge Place HOA Reserve Fund Policy Adoption

On June 23, 2010, the One Breckenridge Place HOA Board of Directors approved a reserve fund study prepared by GWL staff. The study includes estimates of the remaining useful lives of common property components and the costs of future major repairs and replacements. Prior actual costs were used as the basis of replacement cost estimates of common area components based on future replacement costs and considering amounts previously accumulated in the replacement fund.

The Association is establishing and maintaining a reserve fund for the repairs and replacements of common areas, including roof, private streets, decks, exterior of each building, and heat tape, by allocation and payment yearly to such reserve fund of an amount to be designated by the Board of Directors and approved by the membership. The reserve fund may be expended only for the purpose of effecting the replacement and improvement of common areas, major repairs, and operating contingencies of a non-recurring nature.

The portion of the homeowner's assessments paid into such reserve fund is considered to be contributions to the capital of the Association by the homeowners. Because the replacement reserve is restricted to the purposes for which it was established, it will be classified as designated member's equity in the financial statements. When expenditure is made for which the replacement reserve was established, a transfer in the amount of this expenditure is made from designated member's equity to undesignated members' equity. The restriction is there by removed because the amount has been spent for its designated purpose, leaving only the remaining balance in the reserve fund designated.