

Courtyard Home Owner's Associations Reserve Account Policy

Purpose

This reserve policy establishes the method to ensure there are sufficient funds in escrow to cover repair/replacement costs of pavers, lights and trees/scrubs that exceed the amount that was budgeted for a given year.

Reserve Funds Definition

Reserve accounts (also referred to as "reserve funds" or simply "reserves") are funds set aside by the homeowner association to pay for the replacement or repair of community property that exceed budgeted amounts. Reserves are intended to prevent the need for special assessments.

Reserve funding is to be used for "major maintenance, repair and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement in more than one and fewer than thirty years."

Reserve Account Threshold

The Courtyard (CY) Home Owner's Association (HoA) has established a minimum reserve fund threshold of \$100,000.00. The maximum reserve fund balance should not exceed more than \$200,000, approximately one year of expenses.

Reserve Account Calculation

The CY HoA will reevaluate the balance in the reserve account every year to ensure the balance is within the established threshold. If the reserve account balance is under the established threshold then consideration should be given to increasing the home owners' assessment. If the reserve account balance is over the established threshold then consideration should be given to decreasing the home owners' assessment. The reserve fund will be funded annually by 75% of net income.