

Reserve Fund

This is a CVHOA Board policy statement the intent of which is to clarify the purpose, procedures and limitations on the use of the Capital Asset Reserve Fund. There needs to be an understanding of the expected use of the Capital Reserve Funds, and what the procedures are for their use.

The process and procedures for the planning, scheduling, and allocating of Reserve Funds as described in paragraph 6.7 of the CVHOA CC&R's.

- A. The plan must be reviewed annually by the LRP Chairperson and Committee, or as designated by the Board and updated to reflect:***
  - 1. changes to any of the capital assets in the previous year,***
  - 2. adjusted to reflect changes to assumptions used in the plan to estimate replacement costs,***
  - 3. evaluate asset items to verify previous life expectancy hasn't changed,***
  - 4. add asset items that were acquired during the past year.***
- B. Based on the updated Reserve Fund Plan, a Reserve Fund Budget will be prepared. The updated Plan and proposed Budget will be presented to the Board for consideration for inclusion in the next years CVHOA Annual Budget.***
- C. Reserve Funds may only be expended if authorized in the Reserve Fund Budget for that year EXCEPT, in cases of emergency reserve funds may be used. An emergency would be where a Plan asset failed or required replacement prior to its expected date.***
- D. Reserve Fund Budget shall be based on at least one estimate for budgeting purposes and when actually being scheduled, the normal CVHOA approved bid and award process will be utilized.***
- E. Items identified to be funded in the Reserve Fund Budget must still be presented to the Board for final approval prior to the bid being awarded.***
- F. An evaluation must be made each year as to whether or not the Reserve Fund is being adequately funded to provide for future expenses as scheduled.***
- G. Reserve Funds may not be used directly or indirectly to fund deficiencies in the Operating Budget.***

The Paving schedule is based on the following guidelines also listed at the end of the Paving Section of the plan.

- A. Coordinate repaving with water line replacement where there are, or will be lines in pavement***
- B. When repaving, identify all potential buried water, gas and utility services, notify affected owners and agree to plan for dealing with any of those services that might be disrupted***
- C. Seal Coat cul-de-sacs every three years***
- D. Seal Coat driveways every five years***
- E. Seal Coat walkways every seven years***
- F. Replace cul-de-sac paving every fifteen years***
- G. Replace driveway paving every twenty years***
- H. Seal Coat newly paved areas following year***
- I. If area is scheduled for repaving, do not seal coat in two years prior to scheduled repaving***
- J. If an owner wants to have their drive repaved or seal coated ahead of its scheduled repaving or seal coating, they may do so, but will be liable for HOA cost of work***
- K. Guest parking that is presently gravel, will not be paved***

The Plan shall reflect costs of assets replacement in present(2010) dollars, and as part of the annual evaluation the plan should be updated to reflect actual year to year inflation of cost increases.