

**Fairways at Krendale**  
**A Proposal for Policy**  
**Regarding the Reserve Fund**

Adopted by the Association on May 10, 2012

**Preamble**

Section V.3.3. of the condominium bylaws states the following “The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed inadequate for any reason, including non-payment of any Unit Owner’s assessments, the Executive Board may at any time levy further assessments for General Common Expense and/or Limited Expense which shall be assessed against the Unit Owners either according to their respective Percentage interests with regard to General Common Expense or in accordance with allocable shares of Limited Expense (whichever is appropriate), and shall be payable in one or more monthly assessments at the Executive Board may determine.

**Description**

The reserve fund of the Condominium Association of the Fairways at Krendale is for the purpose of providing a source of funds for repair or replacement of the common element of the condominium.

**Source of Funding**

1. A portion of the monthly fee paid by each unit owner shall be put into the reserve fund. The executive board will determine the percentage of the monthly fee that will be for reserves rather than operations.
2. Interest earned by any reserve fund account shall be added to the reserve fund.
3. At any time that the Executive Board determines that the reserve fund is inadequately funded, it may either increase the amount of the monthly fee that is contributed to the reserves or it may assess the unit owners.

**Use of Funds**

4. Expenditures from the reserve fund may only be made for the purpose of making repairs to the common element or replacing the common element. It shall not be used for Operations except under extraordinary circumstances
5. Proposals to expend any money from the reserve fund must be approved by a majority vote of the executive board.