

**BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION HOMEOWNER'S
ASSOCIATION**

POLICY

RESERVE AND INVESTMENT FUNDS

The purpose of this document is to define the BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION policy related to the allocations to the "Reserve" fund and the investment objectives and instruments of investments for those funds. It also stipulates the decision process for withdrawal and the appropriate use of the Reserve funds.

Reserve fund defined

The Board of Directors shall determine a specific amount to be set-aside in the "Reserve Account" each year in the annual budget. The reserve account is for the specific purpose of minimizing the need for a "Special Assessment" by having funds available at a future time for "capital improvements." The reserve funds are to be maintained in (an) account(s) separate from the operating account(s) of the association.

The Board of Directors shall have a projected ten (10) year plan for planned replacement of capital items.

Capital improvements defined

Capital improvements are defined as major repairs, replacement or maintenance of the fencing, landscaping, and the common area as defined on the plat map for BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION.

Investment objectives defined

The objective of BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION is to invest in very low risk financial instruments, Certificate of Deposit or United States Government instruments, where the risk of loss of principal is at a minimum. Under no condition are the reserve funds to be invested in any instrument that is not easily converted to cash or has a high risk of loss of principal.

The objective of BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION is to have funds readily available, or easily converted to cash when the need arises for a major replacement, repair or maintenance expense of a capital item and the BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION does not have sufficient funds in the operating account.

Reserve fund withdrawal process

Funds may be withdrawn from the reserve account only by a majority vote of the Board of Directors of the association, unless deemed an emergency situation as defined below.

When a capital improvement involving major repairs, replacement or maintenance occurs, the Property Management Company shall be directed to obtain multiple bids for the project. The Board shall then evaluate each and determine which will provide the best service to the association at a fair price. The Board then will vote on transferring the necessary funds to the operating account for the project.

Emergency situations process

An emergency situation is defined as an unexpected event where a condition is created that requires immediate relief to prevent a health hazard, additional damage to facilities or a catastrophic event. In this situation a time delay for a Board decision could cause health issues, injury or additional damage to facilities. Examples: broken water line in equipment room, lightning strike to pool building, pool fence blown down, sink hole in parking lot.

In such an emergency situation the Property Management Company has the authority to have the repairs completed to alleviate the risk to health or injury to persons or to reduce the possibility of additional expense.

The Board shall, at the next Board meeting, formally approve such expenditures.

Special Assessment

A "Special Assessment" is defined as a one-time collection of funds from the association members to complete an unforeseen Capital Improvement that cannot be reasonably addressed using existing funds.

Amendment Policy:

This document is written with the knowledge that it may be required, from time to time, to be amended or modified to be congruent with BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION member concerns or to be congruent with changes in City, County or State law. Refer to the BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION policy document titled "Adoption and Amendment of Policies, Procedures and Rules".

IN WITNESS WHEREOF, the undersigned certify that this RESOLUTION was adopted by the Board of Directors of this association on this 13th day of December 2005.

BUCKHORN VILLAGE HOMEOWNER'S ASSOCIATION HOMEOWNER'S ASSOCIATION by:

Dale Toal, President
Dale Toal

Witnessed:

Jeannette Murphy, Secretary
Jeannette Murphy

Cassandra Goncalves V.P.
Cassandra Goncalves