

## **MOUNTIAN SHADOWS HOA BUDGET POLICY**

**(approved 1/6/2021 at the Regular BOD Meeting)**

### **Policy intent:**

1. This policy offers a framework and rationale for Mountain Shadows "Annual Homeowners Operational Dues & Assessments" built into the framework of our Covenants, Conditions & Restrictions (CC&R's) and By-Laws.
2. Further, this policy establishes certain cornerstones for a fundamentally sound fiscal position resulting in a solid financial standing for the purpose of seeking favorable loans and/or credit, if needed or deemed necessary.
3. This policy defines the ongoing financial necessities for maintaining the community by way of breaking out and separating normal, emergency and special project financial and methodology requirements.

## **MOUNTAIN SHADOWS HOMEOWNERS ASSOCIATION BUDGET POLICY**

Annual assessment calculated to satisfy all ongoing operational expenses, including but not limited to maintenance, minor repairs and upgrades associated with repairs. Any unexpended balance would be held in reserve and as cashflow allows transferred to the designated reserve account. Funds held in reserve do not impact the then current budget year allocations for operations, water and road. "Reserve(s)" are defined as any funds over and above the normal operating expenses of the HOA.

A separate interest bearing reserve account should be maintained, the target average annual balance for the reserve account to be a 1.5 times the then current annual dues.

Non-emergency projects that would reduce the reserve account below the target figure will be evaluated on whether being reshaped, rescheduled, or considered for special assessment funding is the best course of action, unless the execution of the project represents a low risk to our overall yearly financial health.

Non-emergency projects including large capital expenses such as roads or drilling of new water wells to be funded by special assessments. Special assessments could be funded from accrual prior to project execution, or use of loan proceeds to provide funding at the time of or at the completion of the project. Project schedule and financial factors should define which method is used.

Emergency projects to be funded from reserves, if reserve balance is not adequate, a loan would be executed to cover the project.