

## Wissler Ranch Homeowners Association Reserve Fund Policy

### Purpose:

The Wissler Ranch Homeowners Association owns in common capital assets that will deteriorate overtime and will need replacement or service-life extension. The Association is responsible for maintenance, repair and replacement of the common elements. The Association is establishing and maintaining a reserve fund to set aside over time, funds sufficient for the repairs and replacements of these capital assets. By allocation and payment yearly to such reserve fund of an amount to be designated by the Board of Directors and approved by the membership, the board is attempting to fund major repairs and replacements over the remaining useful lives of these components based on future replacement costs and considering amounts previously accumulated in the replacement fund. The goals of the fund are to:

1. have sufficient funds available to meet Reserve Study Policy projections;
2. fund the annual Reserve Study Policy with periodic, but at least annual contributions;
3. minimize risk of principal loss through stable and liquid instruments;

### Reserve Fund Study

The Board of Director's did a financial analysis reserve fund study by inventorying the capital assets of the association and researching the estimated service life, age and approximate replacement cost. The reserve fund study will be updated every three years or earlier if the board determines it is required. This analysis is attached.

### Funding the Reserve Fund

The Board of Directors will determine the amount to be transferred to the reserve fund on an annual basis based on the requirements identified in the reserve study. This amount will be included in the Association's yearly budget.

### Management of the Reserve Fund

## Reserve Fund Investment

The HOA Board has a fiduciary responsibility to manage the funds of the HOA in a prudent, business-like manner. In keeping with the board's responsibility and the purpose of the reserve fund, the reserve funds will be invested with preservation of capital as the principal investment objective. Funds will be invested in FDIC insured bank accounts or certificates of deposit or U.S. Treasury Bonds

The HOA will maintain a separate bank account for the deposit of the reserve funds.

## Use of Reserve Funds

The reserve fund may be expended only for the purpose of effecting the replacement, repair or improvement of common capital assets. The board of directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the association is obligated to repair, restore, replace, or maintain for which the reserve fund was established.

Planned expenditures will be included in the annual budget presented to the homeowners for ratification. Contingency expenditures are permitted by vote of the board with prior notice to the homeowners. Contingency expenditures are those caused by damage outside the Board's control such as wind or snow or directed by legal authority. Emergency expenditures are permitted by vote of the board without prior notice to the homeowners. Emergency expenditures are those necessary to protect life, health or property from immediate risk or to remove any property obstructing public roadways.

Asset	Quantity	Cost Each	Total Cost	Service Life	Per Year Deposit	Reserve if Fully Funded	Condition	Reserve Balance	Reserve Shortfall
Cisterns - estimated 10K gallon concrete with fire fighting nozzle attachments and removal, disposal, install, regrade	3	75,000	225,000	30	7,500	105,000 2015	Good X3, inspected		
Common Area									
Ball Field Backstop	1	2,000	2,000	15	133	1,867	Good		
Benches	3	800	2,400	15	160	2,240	Good		
Parking Lot	1	6,000	6,000	15	400	5,600	Fair		
Picnic Tables	3	1,200	3,600	15	240	3,360	Good		
Playground									
Swings - Commercial two-bay	1	4,000	4,000	30	133	1,867	Good		
Climbing Gym - Commercial with Slide, Hanging slide	1	12,000	12,000	30	400	5,600	Good		
Spring Riders	2	600	1,200	12	100	1,400	Good		
Gravel Bed	1	3,000	3,000	15	200	2,800	Good		
Walking Trail	1	16,000	16,000	15	1,067	14,933	Fair		
Windmill	1	10,000	10,000	expired		5,000	Scrap		
Mail Box Area									
Bulletin Boards	2	1,200	2,400	15	160	1,440	New		
Lights	2	1,000	2,400	15	160	1,440	New		
Structure	1	25,000	25,000	30	833	11,667	New		
Entrances									
Wissler Ranch and Palmer Divide	1	15,000	15,000	15	1,000	9,000	Poor		
Wavy Oak and Palmer Divide	1	5,000	5,000	15	333	3,000	Poor		
Lockridge and Palmer Divide	1	5,000	5,000	15	333	3,000	Poor		
Total			340,000		13,153	179,213		68,500	110,713