

# **FOREST HEIGHTS HOMEOWNERS ASSOCIATION, INC.**

## **POLICY RESOLUTION NUMBER 8**

### **Capital Expenditure Policy**

WHEREAS, Article VIII, Section 8.4, Powers and Obligations, of the Declaration of Protective Covenants, Conditions and Restrictions for Forest Heights Homeowners Association, Inc. (the “Association”, “FHHOA”), and Article III, Section 3, Powers and Obligations, of the First Amended and Restated Bylaws of FHHOA provide for the management of the affairs of the Association;

AND WHEREAS, Article VIII, Section 8.10, Association Rules and Regulations, of the Declaration of Protective Covenants, Conditions and Restrictions for FHHOA authorizes the Board of Directors of the Association to establish and promulgate rules and regulations;

AND WHEREAS, it is the intent of the Board of Directors of the Association to establish a policy for making capital expenditures, defined as the purchase, construction or other acquisition of additions to the common property or other assets of the Forest Heights Homeowners Association that exceed \$5,000 in total cost and have a useful life of three years or more.

NOW, THEREFORE, BE IT RESOLVED THAT the following policy be adopted:

1. All capital expenditures (as defined above in this Capital Expenditure Policy Resolution) must be reviewed and approved by the FHHOA Board of Directors before such expenditures are incurred.
2. A capital expenditure budget shall be prepared annually that identifies the funding source for each capital expenditure. The capital expenditure budget shall be distributed to all members of the Association along with the summary of the annual operating budget.
3. Funding sources for capital expenditures can be from any one of the following:
  - a) Unrestricted Fund Balance (unrestricted net excess of revenues over expenditures as carried over from previous years);
  - b) Maintenance and Operations Fund (as provided for in Article X, Section 10.5 of the FHHOA Declaration and funded by contributions generated from the annual assessment process);
  - c) Special Capital Improvement Assessment (intended for unique and large scale improvements and subject to resident approval as provided for in Article X, Section 10.3, of the FHHOA Declaration);
  - d) Partnerships with outside private or public entities, grants, or other outside sources of funds.

4. All capital items will either be depreciated over their useful life or added to the Common Property Reserve for creation of an appropriate reserve for replacement.

This Administrative Resolution is adopted the 10th day of October, 2006 by the Board of Directors of the Association.

ATTEST:

**October 10, 2006**  
DATE

**/James H. Main/**  
FHHOA, Association Secretary