

**HUNTINGTON FOREST HOMEOWNERS ASSOCIATION**  
**POLICY RESOLUTION NO. 2018-05**  
(Policies and Procedures for the Operating Fund Contingency Account)

WHEREAS, the Board has decided that it is in the best interest of the Association to adopt written policies and procedures for the establishment and management of an Operating Fund Contingency Account.

NOW, THEREFORE, BE IT RESOLVED:

**A. Purpose**

The purpose of the Operating Fund Contingency Account is to:

1. Provide funds for critical unplanned requirements that can't be accommodated within the Association's annual budget;<sup>1</sup>
2. Provide needed funds in the event of revenue shortfalls;
3. Minimize need for special assessments.

**B. Funding of the Account**

1. The objective amount in the Contingency Account is \$15,000.
2. When preparing the annual budget, if the Contingency Account is below the objective amount, the budget shall include a line item to add to the Contingency Account.
3. As part of the annual budget development, the Board will review the status of the contingency fund and, as needed, will adjust the recommended total in the account and the annual contribution.

**C. Management of Funds in the Account**

1. Contingency funds will be kept in a separate bank account from the Association's operating funds.
2. When there is a budgeted transfer of funds from the operating account to the Contingency Account, it will be made by 31 March of the following year to allow for adequate cash flow at the start of each fiscal year.

**D. Restrictions on Use of Funds in the Contingency Account**

- a. The Board must approve the use of Contingency Account funds, to include the amount and purpose.

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<sup>1</sup> Article IX 1(a) of the HOA Declaration specifies that the cost of any enforcement proceedings initiated by the Association shall be paid out of the general fund of the association.

- b. Prior notification must be given to homeowners of any planned vote to use Contingency funds; the notification shall include the estimated amount and the purpose for use of Contingency Account funds.

E. The effective date of this Resolution shall be September 14, 2018.

I hereby certify that this Resolution was duly adopted by the Board of Directors on September 13, 2018.

**HUNTINGTON FOREST HOMEOWNERS  
ASSOCIATION**

By:     /s/  
          W. Stephen Piper  
          President