

**SOUTH RIDING PROPRIETARY
ADMINISTRATIVE RESOLUTION
REPLACEMENT RESERVE FUND**

WHEREAS, Article 4, Section 4.1 of the By-Laws for South Riding Proprietary “By-Laws” and “Association,” respectively) grants the Board of Directors (“Board”) “all of the powers and duties necessary for the administration of the affairs of the Association” and permits the Board to “do all such acts and things as are not required to be exercised or done by the Owners or by the Virginia Nonstock Corporation Act, Title 13.1, Code of Virginia 1950 (“Act”), the Association Declaration (“Declaration”) or the Association Articles of Incorporation (“Articles”); and

WHEREAS, Article 4, Section 4.1 of the By-Laws furthermore requires the Board to prepare and adopt an annual budget and make Assessments to defray the Common Expenses of the Association, establish the means and methods of collecting such Assessments and establish the period of the installment payment, if any, of the Annual Assessment for Common Expenses in accordance with Article 6 of the Declaration; and

WHEREAS, Article 6, Section 6.1 of the Declaration outlines the requirements for Board to annually adopt a budget for the Association that includes such reasonable amounts considered necessary to provide reserves for replacements.

NOW, THEREFORE, THE BOARD RESOLVES to adopt the following method by which the assessment for Replacement Reserve Fund will continue to be established and funded.

The Board of Directors shall engage an outside consultant that is qualified to conduct a replacement reserve study.

The Board of Directors shall have a replacement reserve study prepared or updated at least every five (5) years or; if less, such time period as specified in the Code of Virginia.

The Board of Directors shall vote to formally adopt each replacement reserve study prepared. If the Board of Directors is unable to adopt a study due to lack of affirmative votes, then a new study shall be prepared.

The Replacement Reserve Assessment shall be calculated by utilizing the recommended reserves for replacements funding from the latest approved and adopted replacement reserve study. The Board may in their discretion make adjustments to the funding proposed in the adopted study in interim periods between replacement reserve studies. The Replacement Reserve assessment will be incorporated into the annual budget prepared by the Association.

The Replacement Reserve Assessments shall be deposited into designated investment accounts on a monthly basis or in the same time period as assessments are collected by the Association.

Withdrawals from the Replacement Reserve Fund shall be made to pay for such expenses as listed in the Reserve Study adopted by the Board of Directors but not constrained by the estimated life expectancy of specific reserve items.

South Riding Proprietary Resolutions Action Record

Resolution Type: Administrative No. A2006-2

Pertaining to: Budget and Assessment Development

Duly adopted at a meeting of the Board of Directors held: September 7, 2006

Motion by: Mr. Garant Seconded by: Mr. Narasimhan

	YES	NO	VOTE: ABSTAIN	ABSENT
<u>Ms. Smith</u>	X			
<u>Mr. Narasimhan</u>	X			
<u>Mr. Salmon</u>				X
<u>Mr. Garant</u>	X			
<u>Mr. Anderson</u>	X			
<u>Mr. Breneman</u>				X
<u>Mrs. Freeman</u>	X			
<u>Mrs. Horne</u>	X			
<u>Mr. Morse</u>	X			

ATTEST:



 President

October 5, 2006

 Date

FILE:

Book of Minutes - 2006

Book of Resolutions:	Book No.	Page No.
Administrative	_____	_____
Policy	_____	_____
Regulatory	_____	_____
Special	_____	_____
General	_____	_____

Resolution effective: