

**SOUTH RIDING PROPRIETARY
ADMINISTRATIVE RESOLUTION A2006-04
CAPITAL IMPROVEMENT RESERVE FUND**

WHEREAS, Article 4, Section 4.1 of the By-Laws for South Riding Proprietary (“By-Laws”) grants the Board of Directors (“Board”) “all of the powers and duties necessary for the administration of the affairs of the South Riding Proprietary (“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 contingencies which include potential costs or liabilities which have not been incurred but which should be planned for.

NOW, THEREFORE, THE BOARD RESOLVES to adopt the following method by which a Capital Improvement Reserve Fund will be established and funded as part of the Association annual budget.

The purpose of the Capital Improvement Reserve Fund is to provide funds to allow for the purchase of new facilities, property, and equipment that will benefit the homeowners of the community. The Capital Improvement Reserve Fund is also used to provide funds to cover the initial costs of establishing new programs that benefit the homeowners of the community.

The Capital Improvement Reserve Fund will be funded on an annual basis by the Builder Assessment, Initial Capital Payment, and other capital contributions. The Board of Directors may also make an additional contribution from homeowner’s assessments through the normal budget process of the Association.

The Board of Directors shall establish designated interest-bearing bank, money market, and/or investment accounts to be labeled “Capital Improvement Reserve”.

The Capital Improvement Reserve funds shall only be used to pay for new facilities, property, equipment, or fund costs of new programs for the benefit of the homeowners of the community. Purchases of new facilities, property, and equipment from the Capital Improvement Reserve Fund shall be approved through the Capital budget process. The Capital Improvement Reserve Fund shall not be used to pay for the repair or replacement of existing Association common property, existing facilities, existing property, and/or existing equipment that is funded for in the Replacement Reserve.

The Board of Directors may, at any time, vote to dissolve the Capital Improvement Reserve Fund at which time any remaining funds would be transferred to the operating bank account of the Association or to any other reserve of the Association.

South Riding Proprietary Resolutions Action Record

Resolution Type: Administrative No. A2006-03

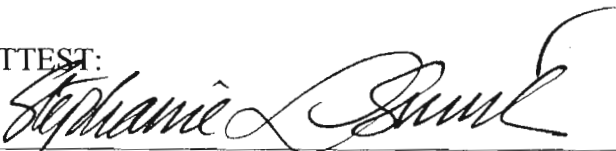
Pertaining to: Budget and Assessment Development

Duly adopted at a meeting of the Board of Directors held November 2, 2006

Motion by: Craig Garant Seconded by: Suresh Narasimhan

	VOTE:			
	YES	NO	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. Skinner</u>				X
<u>Mrs. Freeman</u>	X			
<u>Mrs. Horne</u>	X			
<u>Mr. Morse</u>	X			

ATTEST:



President

11/09/06

Date

FILE:

Book of Minutes - 2006

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

Resolution effective: