

Reserve Policy for Bald Head Association

Consistent with the Articles of Incorporation, Bylaws and the Covenants it is the responsibility of the Bald Head Association to create and maintain adequate reserves to provide for the orderly maintenance, repair and replacement of the common areas of the BHA so as to minimize the risk to the members of special assessments, deferred maintenance or unfunded losses.

In recognition of this responsibility the BHA had performed a reserve study by Global Solution Partners on December 4, 2020. In accordance with that reserve study and in accordance with The Reserve Study 103 April 2020 the following reserve policy is adopted.

1. It is the goal of the BHA to establish and maintain reserves at 70% of anticipated replacement cost;
2. It is the goal of the BHA to reach that 70% goal within five years by December, 2025.
3. It is the goal of the BHA to reach 35% of that goal by December, 31, 2022; 46.5% by December 31, 2023, 58% by December 31, 2024 and 70% by December 31, 2025.
4. The Board of Directors feels that this level of reserve funding reasonably protects the members from the risk of special assessments and deferred maintenance.

5. We authorize expenditures from reserve funds for:
a- Projects or purchases pre-approved in the annual budget;

b-Projects or purchases anticipated in the Reserve Study;

c-Repairs or replacements determined to be of an Emergency Nature determined by the Executive Director or the President or Vice President;

d-Other expenditures approved by the Board of Directors.

6. We authorize borrowing from reserve funds for unexpected expenses with the requirement to restore the amount borrowed over a reasonable period of time all as approved by the Board of Directors.

Adopted by the BHA Board of Directors
November 12, 2021