

22 Station Reserve Fund Policy

Adopted May 18, 2022

- a. California Civil Code § 5510(b) provides: “The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.”
- b. The 22 Station CC&R’s Section 7.21(a) provides: “The Association shall have the right to maintain Reserves for the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, the Major Components that the Association is obligated to repair, restore, replace or maintain, the exterior maintenance of the Units and for such other contingencies as are required for good business practice. . . .”
- c. 22 Station maintains a Reserve Fund, performs an annual Reserve Study, receives assessments from Homeowners and Commercial Owners that contribute to the Reserve Fund, and expends Reserve Funds in accordance with the Civil Code and the CC&R’s.

NOW, THEREFORE, HOA hereby adopts the following 22 Station Reserve Fund Policy that defines/guides what are Reserve Fund Components and Expenditures.

- (a) Infrastructure systems, including but not limited to, electrical, heating, fire suppression, water, sewage, spas, foundation, security, and elevators are systems of major components and the repair, restoration, replacement, or maintenance of these infrastructure systems are Reserve Fund expenditures.
- (b) Capital items that replace, substitute for, or augment/complement major components of an infrastructure system are Reserve Fund expenditures.
- (c) A Capital item is a durable good that is purchased no more frequently than every two years. This includes purchases of multiple, different but similar capital items over a two-year period. A Capital item has a price greater than \$1,000.
- (d) Repair, restoration, replacement, or maintenance of a single or few parts of an infrastructure system may not be a Reserve Fund expenditure (e.g., repair/replacement of a pipe, repair/replacement of a shingle on a roof).

Large scale/scope repair, restoration, replacement, or maintenance of multiple non-capital parts and services exceeding \$1,000 would be a Reserve Fund expenditure. (E.g., replacing the shingles on a section of the roof or repair/replacement of a stack of pipes in a building.)

- (e) Repair, restoration, replacement, or maintenance – parts and services-- of an infrastructure system that occurs on a non-recurring basis of not less than 2 years that exceeds \$1,000 is a Reserve Fund expenditure. E.g., major repair to the spa.