



POLICY and PROCEDURE

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Board Approval Date	02/11/2012
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R3 FUND FOR REPAIR & REPLACEMENT

Purpose

To insure that adequate funds are accrued and available to repair and replace all assets except land in compliance with applicable law

Policy

The reserve fund for repair or replacement of specified components (R3 Fund) will be administered in accordance with the procedures in this document and in compliance with applicable law

Reference

California Civil Code Section 1365

Forms

Pinebrook R3 Fund Excel Spreadsheet

Procedure

1. Pinebrook's' annual budget will include appropriate contributions to the R3 Fund. The amount of the annual reserve for each component will provide sufficient funds to equal or exceed the accumulated wear which has occurred. Any report of the Pinebrook budget to property owners will include a report of R3 Fund balances by component.
2. The procedure used for calculation of reserves includes estimating the useful life of each component and whether repair, maintenance or replacement is scheduled or anticipated.
3. The current replacement cost, with an annual inflation rate for applicable components will be used in computing the R3 required funding when preparing the annual budget.
4. The Board of Directors may make changes at any time to components and funding included in the R3 Fund. Any change in the R3 Fund resulting from Board action will be formally reported to all property owners in the annual budget review process. Interest accumulated from the monies in the R3 Fund are taxable and will be invested in an interest bearing account.
5. Asset replacement values are to be assessed each year for accuracy.

Summary of Change from Previous Issue

Reformatted; Clarified "Purpose"; added "Policy"; minor changes in text