

Section 1. Powers. The Board of Directors shall have the power to:

(a) Manage the funds of the association in the following ways...

- i. Operating Funds - The board shall make necessary budget adjustments to redistribute funds from one line item category to another provided the total annual budget is not exceeded and the modifications have been authorized by resolution of the board. Also that an additional 10% of the operating budget shall be kept as an additional 'Miscellaneous Expense' line item in the annual budget, to be used for unforeseen or extraordinary expenses as determined by the HOA Board. At the end of the budget year, any unused funds in the 'Miscellaneous Expense' line item will be transferred to the 'Reserve Fund'.
- ii. Reserve Fund - The HOA Board shall ensure that the HOA maintains a Reserve Fund equal to at least 12 months of operating expenses at all times. Use of the Reserve Funds requires a two-thirds vote of homeowners both for the expenditure and for the plan for repayment, except in cases of an Emergency Declaration by the Board.
- iii. Line Of Credit - The HOA Board may choose to maintain a Line of Credit. Use of the Line of Credit requires a two-thirds vote of homeowners both for the expenditure and for the plan for repayment, except in cases of an Emergency Declaration by the Board.
- iv. Emergency Declaration - The HOA Board may declare an 'Emergency Declaration' under the following conditions:
 1. The emergency poses a significant threat to the safety, health, or property of the community members.
 2. The emergency requires immediate action to prevent, repair or mitigate damage.
 3. The emergency is not covered by the existing budget and cannot be responsibility delayed until the next scheduled meeting of the membership.
 4. In the event of an emergency declaration, the Board may use Reserve Funds or Line of Credit funds as necessary to resolve the emergency, but must provide a plan for how and when the funds will be paid back to the Reserve Funds or Line of Credit, as soon as reasonably possible.