

**RESERVE FUND USAGE POLICY  
APRIL POINT SOUTH PROPERTY OWNERS ASSOCIATION**

WHEREAS, this Reserve Fund Usage Policy applies to the April Point South condominium, Sections 1A, 2A, 3A, and 4A, additions in Montgomery County, Texas, according to the maps or plats thereof, recorded in the Map Records of Montgomery County, Texas, under Clerk's File Nos., 7511610, 7620547, 7707002, 7740984 respectively, along with any amendments or supplements thereto.

WHEREAS, the Association is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declaration for April Point South (hereafter collectively referred to as the "Declaration"); and

WHEREAS, the Association Bylaws and Chapter 82 of the Texas Property Code empower the Association to adopt budgets, including reserve funds, and the Association is required to include in such budgets a statement of amounts devoted to reserves; and

WHEREAS; the Association is required to prepare resale certificates that include a statement of the amount of reserves held by the Association and the portions of those reserves designated for specified capital improvements; and

WHEREAS, the Board of Directors of the Association (the "Board") desires to establish a policy for the use of capital reserve funds;

NOW, THEREFORE, the Board has duly adopted the following Reserve Fund Usage Policy.

- 1) Each annual budget shall include a target amount to contribute towards a reserve fund for capital improvements;
- 2) Except in cases of hardship, funds earmarked as capital reserve shall not be spent to cover operational expenses;
- 3) A unanimous vote of the full board in a meeting open to the members, for which notice that such vote was to occur, is required to declare a hardship sufficient to justify use of reserve funds to cover operational expenses;
- 4) The Association may, but is not required, to open a separate bank account to hold capital reserve funds. Nonetheless, such funds shall be identified and segregated for accounting purposes;
- 5) Whenever the reserve fund is depleted by more than ten percent (10%) from its high balance, the following year's budget will provide for contributions to replenish the reserve fund. Such replenishment may take longer than one year;
- 6) The board of directors for the Association shall develop a schedule of anticipated capital expenditures and may commission a reserve study to aid in preparation of such schedule;
- 7) Whenever an expenditure would deplete more than fifty percent (50%) of the reserve fund, the board shall consider the options of attempting to pass a special assessment for the expenditure or obtaining a loan for the expenditure;

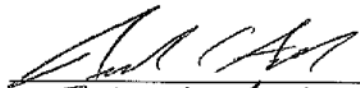
- 8) All spending of reserve funds for capital improvement shall be approved by a majority vote of the board of directors;
- 9) the Association shall maintain a statement of the amount of reserves held by the Association and the portions of those reserves designated for specified capital improvements; and
- 10) Reserve funds may be used for significant repairs or replacement of existing common elements or construction of new capital improvements, but are not to be used for routine maintenance or repairs of existing structures or common elements.

The Association, through its Board of Directors, shall have and may exercise discretionary authority concerning the restrictive covenants contained herein.

This Policy is effective upon recordation in the Public Records of Montgomery County.

Approved and adopted by the Board on this 28 day of November, 2016, 2016.

Printed Name: \_\_\_\_\_



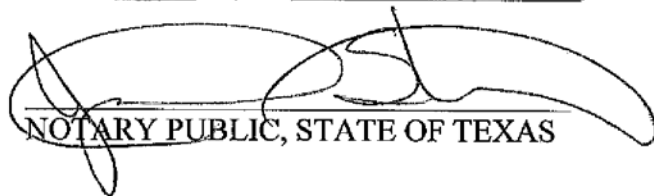
Richard Aude  
President, April Point South  
Property Owners Association

STATE OF TEXAS

COUNTY OF MONTGOMERY

Before me, the undersigned authority, on this day personally appeared Richard Aude, President of the April Point South Property Owners Association, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 28 day of November, 2016.



NOTARY PUBLIC, STATE OF TEXAS

**E-FILED FOR RECORD**

12/19/2016 04:48PM



COUNTY CLERK  
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,  
COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

**12/19/2016**



County Clerk  
Montgomery County, Texas