6.1 **Depository**. The Association shall maintain its funds in federally insured accounts in such financial institutions authorized to do business in the State of Florida as shall be designated from time to time by the Board. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the Board. The Board may invest Association funds in interest-bearing accounts, money market trusts, certificates of deposit, U.S. Government Securities, and other similar investment vehicles.

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6.2 **Budget**. The Board of Directors shall adopt a budget of common expenses for each fiscal year. A copy of the proposed budget and a notice stating the time, date and place of the meeting of the Board at which the budget will be adopted shall be mailed to or served on the owner of each unit not less than fourteen (14) days prior to that meeting. The proposed budget shall be detailed and shall show the amounts budgeted by income and expense classifications.

6.3 **Statutory Reserves for Capital Expenditures and Deferred Maintenance**. In addition to annual operating expenses, the proposed budget must include reserve accounts for capital expenditures and deferred maintenance as required by law. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds $10,000.00. The amount to be reserved shall be computed by a formula based upon the remaining estimated useful life and replacement cost of each item. The Association may adjust replacement reserve assessments annually to reflect any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. These reserves shall be funded unless the members subsequently determine by majority vote of the voting interest present in person or voting by limited proxy at a duly called meeting to fund no reserves or less than adequate reserves for a fiscal year. The vote to waive or reduce reserves, if any is taken, may be taken only after the proposed budget has been mailed to the unit owners as required in Section 6.2 above. Reserves funded under this paragraph, and all interest earned on such reserves, shall be used only for the purposes for which they were reserved, unless their use for other purposes is approved in advance by a majority of the voting interest present in person or voting by limited proxy at a members' meeting called for that purpose. Furthermore, these reserves shall not be commingled with the operating funds unless combined for investment purposes (Section 718.112(2)(f), Florida Statutes; Rule 61B-22.005, Florida Administrative Code).

6.4 **Other Reserves**. In addition to the statutory reserves provided in Section 6.3 above, or in place of them if the members so vote, the Board may establish one or more additional accounts for contingencies, operating expenses, repairs, minor improvements or deferred maintenance. The purpose of these accounts is to provide financial stability and to avoid the need for special assessments on a frequent basis. The amounts proposed to be so funded shall be shown in the proposed annual operating budget each year. These funds may be spent for any purpose approved by the Board.

6.5 **Assessments**. Regular annual assessments based on the adopted budget shall be paid in quarterly installments, in advance, due on the first day of January, April, July and October of each year. Written notice of each quarterly installment shall be sent to

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MARKUP #1 · CONFLICTS WITH MANDATORY STATE STATUTE — BOARD & COUNSEL REVIEW

Sec. 8.2 (p. 53): Outdated reserve waiver clause contradicts mandatory post-milestone SIRS requirements.

Statutory / Legal Reference: Fla. Stat. § 718.112(2)(f) (HB 1021)

Statutory Comparison: Effective under HB 1021, condominium and cooperative associations cannot waive or reduce reserves for items required by a Structural Integrity Reserve Study (SIRS), nor use structural reserve funds for non-scheduled purposes without statutory exemptions.

CURRENT WORDING IN DOCUMENT:
Buda,t. The Board of Directors shall adopt a budget of common expenses for each fiscal year. A copy of the proposed budget and a notice stilting the time, date and place of the meeting of the Board at which the budget will be adopted shall be mailed to or served on the owner of each unit not less than fourteen (14) days prior to that meeting.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):
Provided, however, that reserve funding for components covered by a Structural Integrity Reserve Study (SIRS) pursuant to Fla. Stat. § 718.112(2)(g) cannot be waived, reduced, or used for any purpose other than their designated structural replacement.