



**EXPENSE POLICY**

**WHEREAS**, the Somerset Owners Association is a non-profit Corporation duly organized and existing under the laws of the State of Nevada; and

**WHEREAS**, Somerset Owners Association Board of Directors shall have all the powers of a non-profit corporation organized under the laws of the State of Nevada, subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaw, and the CC&Rs, and

**WHEREAS**, Somerset Owners Association is responsible for Maintenance of Common Elements per CC&Rs Article II Section 1, and

**WHEREAS**, it is the intent of this policy to allow the Board of Directors the right to maintain, repair and/or replace any items of the Association's property as needed.

**NOW THEREFORE, BE IT RESOLVED:**

The Board of Directors shall update the expense and bid policy for operations of the association to the following:

- **Day-to-Day Operational & Reserve Expenses:** The Board of Directors grants the Community Manager of the association the ability to purchase items under \$5,000 within the parameters of the budget without prior approval.
- **Larger Operational Expenses:** Any expense over \$5,000 but under \$10,000 that is within the approved budget or unbudgeted items over \$2,500 but under \$10,000 will be noticed on a Finance meeting agenda for discussion purposes. Once the item is discussed, the committee will determine if the item needs to be reviewed further at a Board meeting or if the purchase can be made given the financial status of the cost center and/or association.
- **Major Projects/Purchases:** At the discretion of the Board of Directors any project or purchase estimated to be over \$12,000 will generally require bids to be obtained.
- **Reserve Expenses:** As part of the budgeting process, the Finance committee will review the list of reserve projects schedule for the upcoming year to determine a priority listing. Management staff will obtain vendor information and proposals for those items needing to be replaced that are under \$12,000 for review by the finance committee at a monthly meeting for decision. Those items over \$12,000 will be generally sent out to bid and reviewed by the Board of Directors for approval.
- **Encumbering Common Elements:** Any purchase that requires the Association to encumber the common elements of the community (i.e. Take out a mortgage loan), the Board of Directors will send out a vote to the homeowners for a majority approval as stipulated in NRS 116.3102 1-f, g, and h.
- **Emergency Expenses:** Management reserves the right to spend Association money in good faith when responding to an emergency situation that requires immediate repair/replacement of parts for the safety and/or operational nature of the facility. The board chair and treasurer will be notified as soon as possible thereafter.

This resolution is adopted in resolution format at the April 23, 2013 Board of Directors meeting.

By: \_\_\_\_\_  
Board President

Attested By: \_\_\_\_\_  
Board Secretary