

Brook Meadows Homeowners Association (BMHA)
Administrative Resolution A002

Total Expense Variance Reporting And Budget Contingency Re-Allocation

WHEREAS, the Amended and Restated Declaration of Covenants, Conditions, and Restrictions (the "CC&R's") for Brook Meadows, changing the BMHA from a voluntary to a mandatory association, was approved by a majority of the BMHA membership (the "Membership") and filed by the BMHA Board of Directors (the "Board") 6/16/06; and

WHEREAS, Article V, Section 5.09(d) of the Amended and Restated Bylaws of Brook Meadows Homeowners Association (the "Bylaws") approved by the Board on _____, Inc requires the BMHA Treasurer (the "Treasurer") to track and report to the Board actual monthly expenses and actual monthly expense variances for each major line item in the BMHA Annual Budget; and

WHEREAS, Article V, Section 5.09(e) of the Bylaws requires the Treasurer to add and fund a Contingency line item (the "Contingency") to the BMHA Annual Budget that the Board drafted and will present to the Membership for approval during the Annual Meeting;" and

WHEREAS, the BMHA 2006-2007 Annual Budget was approved by the Membership prior to Membership approval of the mandatory CC&R's and Board approval of the mandatory Bylaws ; and

WHEREAS, there is a need to establish an orderly process and procedures for the Treasurer to add, fund and reallocate the Contingency as approved by the Board and to track and report monthly expenses and variances to the Board; and

WHEREAS, it is the intent of the Board to establish an orderly process and procedures for the Treasurer to manage the Contingency and track and report monthly BMHA expenses and variances to the Board;

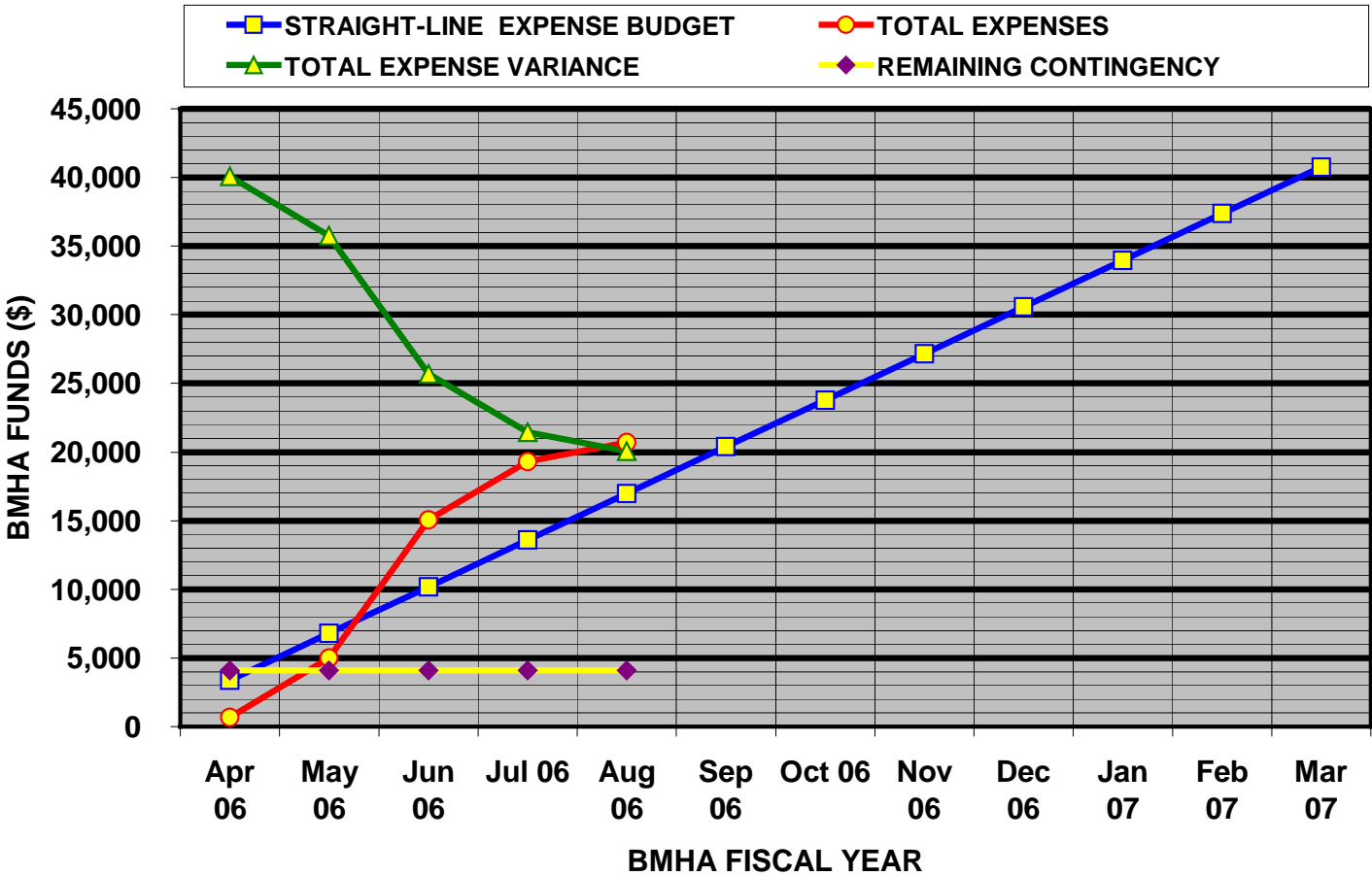
Now, therefore, be it resolved that the steps and requirements for the Treasurer to manage the Contingency and track and report expenses and variances to the Board be as follows:

1. Starting with the existing approved 2006-2007 Annual Budget and in each Board draft of the Annual Budget thereafter, the Board shall vote to determine the level of funding of the Contingency in the Annual Budget that the Board will propose to the Membership at the Annual Meeting. The

Contingency funding level shall not be less than ten-percent (10%) of the "Total Expenses" of the proposed Annual Budget Total Expenses, which shall not include the Contingency funds.

2. On a monthly basis throughout the BMHA fiscal year, the Treasurer shall use a spreadsheet software application to compute, track and chart monthly expenses and variances for "Total Expenses" and "Total Expense Variance."
3. The following chart shall be the initial format for the chart portion of the Treasurer's monthly report for Total Expenses and Total Expense Variance to the Board. The Board reserves the right to amend the chart format requirements at any time by a proper majority Board vote.

BMHA 2006-2007 TOTAL EXPENSE & VARAINCE



4. The following spreadsheet shall be the initial format for the spreadsheet portion of the Treasurer's monthly "Line Item Expense" and "Line Item Expense Variance" report to the Board. The Board reserves the right to amend the spreadsheet format requirements at any time by a proper majority Board vote.

LINE ITEM	VARIANCE (\$)												ANNUAL BUDGET
	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	
Administration	2,006	1,916	1,008	781	579								2,425
Advertizing	40	40	40	40	40								40
Committees	19,050	15,145	11,522	10,196	10,095								19,050
Donations	0	0	0	0	0								0
Dues and Subscriptions	220	220	220	220	(80)								220
Insurance	3,126	3,126	3,126	2,129	2,129								3,126
Legal & Professional	7,500	7,500	2,683	2,635	2,071								7,500
Miscellaneous	0	0	0	0	0								0
Utilities	8,150	7,802	7,092	5,463	5,222								8,400
TOTAL Expense Variance	40,092	35,749	25,691	21,464	20,056								40,761
Contingency Variance	4,076	4,076	4,076	4,076	4,076								4,076
TOTAL BUDGET	44,168	39,825	29,767	25,540	24,132								44,837

5. When the Treasurer’s monthly report spreadsheet for Line Item Expenses, Line Item Expense Variance and Total Experience Variance shows a negative Variance for Total Expenses exceeding **(\$500)**, the Board shall be have the authority to vote on re-allocating a portion or all remaining Contingency funds to any Line Item(s) as necessary to offset Annual Budget Expenses cash-flow shortfall caused by the negative Variance. In his next monthly report, the Treasurer shall include a note(s) explaining the cause(s) of the negative Variance(s), and list the transaction(s) that were necessary to re-allocate Contingency funds to offset the negative variance(s) shown on the previous monthly Variance report(s).

6. If remaining Contingency funds are not sufficient to offset a negative monthly Total Expenses Variance exceeding **(\$1,000)**, the Board shall call a Special Meeting as soon as possible to explain the cause of the Total Expense variance(s) and to propose a course of action to the Membership for approval to offset the negative Total Expenses Variance.

7. The Board reserves the right to amend and/or waive this resolution or any part of this resolution at any time by proper majority Board vote.

BOOK OF MINUTES # _____, page _____

ATTEST:

Record of Board's Vote on this Resolution:

President:	Yes or No
Vice President:	Yes or No
Treasurer:	Yes or No
Secretary:	Yes or No
Director At Large:	Yes or No

Date _____ Secretary _____

Date _____ President _____