

Discussion Item

Contracts and Reserves

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

ADMINISTRATIVE RESOLUTION NUMBER FOUR

CASH ACCOUNT PROCEDURES

**RELATING TO THE DEPOSITING, TRANSFER, AND
DISBURSEMENT OF ASSOCIATION FUNDS**

WHEREAS, Article III, Section Two, of the Parkfairfax Condominium Unit Owners Association Bylaws assigns the Board of Directors with " . . . all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association," and further states that the Board of Directors " . . . may do all such acts and things as are not by the Condominium Act, The Declaration or by these Bylaws required to be exercised and done by the Unit Owners Association"; **AND**

WHEREAS, Article III, Section Two E of the Parkfairfax Condominium Unit Owners Association Bylaws requires the board to "collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors, and use the proceeds to carry out the administration of the property"; **AND**

WHEREAS, the Board of Directors deems it necessary to establish procedures for the handling of Association cash accounts;

NOW THEREFORE, BE IT RESOLVED THAT the following policies and procedures shall generally control the cash handling activities of the Association:

1. All cash receipts shall be deposited to the Association's credit in an interest-bearing account. The account shall be known as the "Parkfairfax Condominium Operating Account."
2. An account to be known as the "Parkfairfax Condominium Operating Account" shall be maintained from which the Association's obligations shall generally be paid. The account shall be funded by the Association from the Parkfairfax Condominium Operating Account on the basis of duly executed requests for funds from the Managing Agent which stipulate the authority, fund amount requested, and purposes. The account shall generally be maintained with a minimum operating balance of \$5,000.00, more or less.

All Checks drawn upon Association operating accounts, excluding any on-site checking account, shall be drafted by the Managing Agent. In addition to a representative of the Managing Agent, the Treasurer shall be an additional signatory on all checks over \$8,564.00 (two-tenths of one percent [.002%] of the total annual assessment for common expenses for Fiscal Year 1999). In the

absence of the Treasurer, the President shall be designated to sign all such checks and in the absence of both the Treasurer and the President, the Vice President shall be so designated. All Association accounts will, in any case, contain the names of the President and Treasurer as persons enabled to receive reports directly from the depository on such accounts.

3. An account to be known as the "Parkfairfax Condominium Imprest Account" shall be maintained with a maximum balance of \$5,000.00. The purpose of this account shall be to provide funds for C.O.D. deliveries, minor miscellaneous purchases, and for sudden unexpected needs. The signatory shall be as determined by the Managing Agent.
4. An account, to be known as the "Parkfairfax Condominium Capital Reserve Account" shall be maintained. No funds may be transferred from this account without the assent of a majority of the Board of Directors present and voting at a regular board meeting.

All checks drawn upon Association reserve accounts shall be drafted by the Managing Agent. In addition to a representative of the Managing Agent, the Treasurer shall be an additional signatory. In the absence of the Treasurer, the President shall be designated to sign all such checks and in the absence of both the Treasurer and the President, the Vice President shall be so designated. All Association accounts will, in any case, contain the names of the President and Treasurer as persons enabled to receive reports directly from the depository on such accounts.

5. Each Officer and/or Director having signatory authority with respect to cash accounts shall be bonded at the Association's expense in an amount at least equal to one-half the total annual condominium assessments for the current year, or the current amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest. The same shall apply with respect to the Managing Agent.