

February 15, 2023

Dear Timberlake Community,

The Board of Directors understands that many community members have questions about how the budget is formulated. This begins with a look at the documents that govern our association. This communication will address in Q & A format the overarching questions and concerns of the community.

**Q:** What does the Board have a duty to maintain in the Timberlake Community?

**A:** The purpose of the Association is to provide for the maintenance and preservation of the Common Areas, among other things. Articles of Incorporation, Article IV. The Board exercises for the Association all powers and duties not reserved to the members. Bylaws Article VII, Section 1(c). The powers and duties of the Board specifically include, without limitation, causing the Common Areas to be maintained, funding adequate reserves, procuring insurance and employing a manager, employees or contractors. Bylaws Article VII, Section 2 (e), (f), (h) and (j) and Bylaws Article VII, Section 1(e).

**Q:** What do the Common Areas include?

**A:** Common Areas are all areas owned by the Association and not owned by a community member. Declaration Article I, Section 2. The Common Areas include the amenities of the Timberlake Community Association. Costs associated with the Common Areas and some of the amenities include water, waste, grounds maintenance, electricity, building maintenance, etc.

**Q:** Who formulates the budget?

**A:** The manager prepares the proposed annual budget, and the Board of Directors is charged with approving the budget. Declaration, Article V, Section 1.D.

**Q:** What qualifications does the manager need to have?

**A:** The Board is mandated to have a professionally qualified manager. Declaration Article V.D. In Virginia, a community association manager (CAM) must be licensed. Va. Code Section 54.1-2346A. They must hold an active designation as an Accredited Association Management Company (AAMC) by CAI and have one or more the following certifications: Professional Community Association Manager (PCAM), Certified Manager of Community Associations (CMCA), Association Management Specialist (AMS). These certifications require courses, exams, and experience working in the industry providing management services. Included in these requirements is how to properly prepare budgets for community associations.

**Q:** Why have reserves and how are reserves determined?

**A:** Not only do the Bylaws require the Board to fund adequate reserves, but Va. Code Section 55.1-1826B requires the Board to conduct a reserve study at least every 5 years to determine the necessity and amount of reserves required to repair, replace, and restore the capital components; review the report at least annually to determine if reserves are sufficient; and make adjustments as the Board deems necessary to maintain adequate reserves. To the extent that the reserve study indicates a need to budget for reserves, the budget must include certain information. Va. Code Section 55.1-1826C.

**Q:** How does the Board carry out its duties and the Association's purpose?

**A:** The Board of Directors works diligently to use good faith business judgment in the best interest of the Association. For all this to happen, the Board of Directors works with "vendors", the people and companies that do the work and provide the goods and services through contractual agreements between the vendor and Timberlake Community Association.

While the Board has duties to maintain and preserve the Common Areas, employ personnel and provide for insurance, reserves, architectural control, and more, the Declaration limits the increase in the annual assessment, which is an arbitrary amount unrelated to the actual, reasonable needs of the Association. Declaration Article VII, Section 3.

The Board of Directors hopes that this information provides a better understanding of the annual budget considerations.

Owners are encouraged to attend regular meetings of the Board of Directors to stay informed and hear about the business of the Association.

Very Respectfully,

Timberlake Community Association Board of Directors