

LAKEVIEW ESTATES – OWNERS HANDBOOK

D) Financial

1. Fees

- I. On the 1st day of each month owners pay a fee to the condo corporation. This fee is collected by the Property Manager on behalf of the Board.
- II. Portions of this fee are allocated, through the annual financial planning (budgeting) process and in accordance with the Reserve Fund Study (RFS), into either the Operating Account or the Reserve Fund. The budgeting process is coordinated by the Property manager and approved by the Board of Directors.

2. Operating Account

- I. The operating account pays for the day to day operation of the condominium corporation and at Lakeview Estates includes expenses such as lawn care and landscaping, maintaining the pool and tennis court, snow removal, window cleaning, administrative expenses such as payments to the Property Manager, audit fees and insurance.

3. Reserve Fund

- I. The Reserve Fund is a special account established to cover the costs of longer term capital expenses or large scale repairs such as roof replacement, roadway repairs, siding replacement and pool and tennis court re-construction.
- II. The Condominium Act requires a Reserve Fund Study to be conducted by certified professionals on a regular basis. This study leads to a forecast of the lifespan of certain major components such as those mentioned above. Basically items of a capital nature are drawn out with a projected lifespan and future cost for repairs or replacement. This is then calculated within the budget to allocate an appropriate amount of money into a separate account; the Reserve Fund.
- III. Once these “to-do” items come up in the future, the money from the reserve fund is used to pay for it. The reserve fund cannot be used for paying regular maintenance, upkeep or other points that fit within the ordinary operating budget of a condominium.
- IV. A copy of the reserve fund study is available to owners upon request.

4. Annual Financial Plan

- I. The Board of Directors will develop and approve an annual financial plan (budget) by April of each year. The budget will include operating expenses, reserve funding for common capital needs and contingencies as needed.

5. Monthly Fees

- I. Monthly fees for each unit shall be based on an equal share of the annual financial plan. Fees are payable on the first day of each month by automatic deposit to The Lakeview Estates' bank account.
- II. Condominium fees are due and payable in advance on the 1st day of every month. Failure to pay shall bear a service charge of \$25.00 for the first payment failure and \$100.00 for each subsequent failure in each fiscal year and such charges shall be in addition to any accrued interest.

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6. Collection Policy:

- I. In accordance with the Condominium Act, a lien is to be registered no later than 90 days of the first payment default.
- II. Interest for arrears shall be calculated daily at 5% above the prime rate as set by the Bank of Canada. This rate may be adjusted based on the Board's discretion.
- III. Unit owners who pay common expenses late for three straight months, *or* six times in any 12-month period, *or* who are liened twice in a 12-month period, will thereafter be liened within 30 days of any future default, after being given a notice on the fifth day of default.
- IV. The "Notice of Lien" (Form 14) will be prepared by the Corporation's lawyer, and all fees associated will be charged back to the unit owner.
- V. Timing of lien process:
 - a) Within 5 days, a notice will be sent to owners in arrears from the property manager
 - b) On the 2nd day of the following month, a second notice will be sent to owners in arrears from the property manager as well as a copy to the Corporation's lawyer
 - c) On the 60th day, the "Notice of Lien" (Form 14) will be sent to the unit owner by registered mail
 - d) On the on the 85th day, the Corporation's lawyer will register the lien on title
 - e) On the 120th day, the actions to commence a "Power of Sale" will be taken

7. Operating Surplus/Deficit Policy:

- I. Any funds in the Operating account at fiscal year-end that are greater than two months of the common element fees, may remain in the Operating Fund or be transferred to the Reserve Fund at the discretion of the Board of Directors.
- II. Any deficit in the Operating account at fiscal year-end is to be recovered from the following fiscal year's budget.

8. Reserve Fund Policy

- I. In accordance with the Condominium Act, all items in the Corporation with a replacement value of \$1,000 or greater must be included in the Reserve Fund.
- II. In accordance with the Condominium Act, all items replaced from the Reserve Fund will be of the same quality, unless required to upgrade to new codes or laws. If the Board decides to perform an upgrade, the difference shall be paid from the Operating account.
- III. An expense for a Reserve Fund asset that is less than 1% of the monthly common element fees, may be paid from the Operating account.
- IV. When an expense (or accumulated expenses) for a Reserve Fund asset is greater than 1% of the monthly common element fees, the full amount will be paid from the Reserve Fund account regardless if it was estimated to be small enough to be an Operating expense.
- V. Any Consulting and Engineering Fees associated with a Reserve Fund project are considered to be a Reserve Fund expense.
- VI. All expenses are to be transferred and entered on an invoice-by-invoice basis to the Reserve Fund account from the Operating account and must have minuted approval from the Board.

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9. Investment Policy:

- I. An Investment Plan will be created and maintained according to the Condominium Act.
- II. Allowable investment types are those that are approved according to the Condominium Act.
- III. Investments within the Operating Account must mature within 90 Days and be fully marketable.
- IV. Investments within the Reserve Fund Account must mature within 5 Years taking into account the planned timing of expenses according to the Reserve Fund Study.
- V. A minimum of 10% of the Reserve Fund assets must be held in cash or fully marketable investments.
- VI. The Investment Planner/Brokerage Firm is determined by the Board.
- VII. The Officers giving direction to the Investment Planner will be the same as those with signing authority on the operating account. It is required that all decisions related to investments must subsequently be tabled and included in the minutes of the corporation.

10. Insurance

- I. The Corporation will only file a claim with the Insurance Company if the cost of the claim is more than twice that of the deductible.
- II. Both owners and the condo corporation are required to carry property insurance, including coverage for building losses due to fire and other catastrophic events, content and liability.
- III. The corporation will insure, through the operating account, all buildings and amenities in accordance with the Standard Unit Bylaw (OSCC #111 Bylaw #2). This insurance also covers the liability of the corporation for general and directors' liabilities.
- IV. Unit owners are responsible for insurance of contents and any betterments made to their unit over and above the Standard Unit Bylaw OSCC #111 (Bylaw #2) such as finished basements, higher grade flooring, lighting, trim and other fixtures.
- V. If any unit is damaged beyond repair and a new unit is required to be constructed, under the Corporation's Insurance, the Provisions of By-Law No. 2 will apply. Lakeview Estates is required to reconstruct it to original standards and specifications per Standard Unit Bylaw OSCC #111 (Bylaw #2).
- VI. Owners are advised to obtain a copy of the Corporation's Certificate of Insurance and consult with their insurance broker or provider to ensure adequate personal coverage.