

The budget will cover anticipated common expenses for the upcoming fiscal year. The budget will also include whatever amount the Board of Managers considers necessary as an adequate reserve to provide for unforeseen contingencies, working capital, and repair or replacement of common elements.

If insufficient funds are budgeted for any given fiscal year, the Board of Managers may levy an additional assessment to make up the budget deficit. Conversely, should there be a surplus at the end of a fiscal year, the Board of Managers may, in its discretion, place the surplus in reserve accounts or refund the surplus to the unit owners by reducing future assessments. Any additional assessment will be payable by unit owners either in a lump sum or in installments, as the Board of Managers determines.

To provide the Association with an initial infusion of working capital, each purchaser will be required, at the time of the closing of title on his unit, to make an initial capital contribution to the Association. Such contribution will be equal to three (3) monthly installments of the Unit's estimated common expense assessment. This payment will ensure that the Association will have available sufficient money for three major purposes: first, to pay for initial equipment, supplies, organizational costs, and other start-up costs at the beginning of the life of the Association; second, to provide an immediate fund of cash at the beginning of the Association's operations to pay bills for such items as insurance premiums payable for the entire year when an entire year's assessments necessary to fund such premiums have not yet been collected; and third, to defray partially the higher per unit costs that occur in the early stages of the Association's business life. As sales of the units progress, the per unit cost of many items tends to decrease and the regular assessments should be sufficient for normal operational costs as the costs are spread among larger numbers of unit owners. Also, the working capital fund, if not otherwise expended, can provide additional reserves which may be set aside for unexpected expenditures to ensure that the Association starts out on a solid financial foundation. The initial capital contribution is not an escrow or advance and is not refundable. The initial capital contribution is also in addition to the payment of the first month's assessment with respect to each unit, which payment will be required at closing.