

## **Modification of the Annual Budgeting Process of the Cole Mill Townes Homeowners Association**

**Approved by the HOA Board on 10/23/2023**

Section 3 of Article IV of the Covenants of Cole Mill Townes (CMT) enumerates the annual budget process of the CMT Homeowners Association (HOA). The purpose of this document is to codify a modification of the CMT annual budgeting process. In the spirit of Section 1 of Article XII of the By-Laws of the CMT HOA, which covers the powers of the HOA Board to make amendments, the HOA Board assumes the duty to provide this modification to the annual budgeting process.

### Original Process from the Covenants

The original budget process spelled out in the Covenants states that “It shall be the duty of the Board . . . to prepare a budget covering the estimated costs of operating the Association during the coming year . . . The budget and assessments shall become effective unless disapproved at the [annual HOA] meeting by a vote of the Members representing at least a majority of the votes of each class of Members.” Under this process, the budget, as presented at the annual HOA meeting, stands as a whole, save if it is rejected by a majority of homeowners. As such, this policy requires that no changes can be made to the annual budget developed by the Board unless that entire budget is first rejected.

### Policy Modification of the HOA Budgeting Process

An annual budget prepared by the Board and presented at the annual HOA meeting can have items *added* to it via motions approved by a majority of the attendees at the meeting, as long as said motions include increases in dues sufficient to cover the cost of the new expenditure item(s) that are being proposed to be added to the budget. All other modifications to a Board-created-and-presented annual budget must follow the budget process stated in the CMT Covenants (the Board-created annual budget stands exactly as presented unless rejected by at least a majority of all the homeowners). In addition to other modifications, decreases to allocations in operating budget line items, reserve budget allocations and dues reductions must go through the regular budget process. In other words, only modifications that *add* items to the budget, accompanied by appropriate funding, may be proposed for consideration for approval by at least a majority of homeowners at the annual meeting in which the motion for such is made.