

**Finance Committee Rules and Regulations**

# **Finance Committee**

## **Rules & Regulations**

**Southern Woods Property Owners Association, Inc.  
P. O. Box 1720  
Homosassa Springs, Florida 34447**

**Adopted By Board of Directors  
April 12, 2006**

# **Finance Committee Rules and Regulations**

## **AUTHORITY**

**The authority for these Rules and Regulations is set forth in Article IV, Section 3, of the Declaration of Covenants, Restrictions, and Easements (the Declaration) of the Master Association for Southern Woods, dated December 04, 1992.**

**These Rules and Regulations shall be consistent with the Declaration and any conflicts shall be resolved in favor of the Declaration.**

**In addition to being subject to the above noted Declaration and these Rules and Regulations, owners of Lots 1 – 34, Block A, and Lots 19 – 41, Block C, are subject to a supplemental Declaration, executed on December 4, 1992, establishing The Cottages of Southern Woods Homeowners Association, Inc. This Association has governing instruments that Cottage Lot Owners are also required to comply with.**

## **COMMITTEE**

**The Finance Committee, a standing Committee of the Board of Directors, is charged with ensuring that rules and regulations are established, in place, and adhered to when conducting all financial business activities for the Southern Woods Property Owners Association. This Rules and Regulations document includes but is not limited to defining procedures for safeguarding all assets which include the legal documents, insurance policies, monetary assets, financial records, member lists, contracts, and any other records that identify, measure, record, or communicate the operations of the Property Owners Association.**

**The Finance Committee is chaired by the Treasurer of the Board of Directors of the Property Owners Association and is comprised of two additional members who are appointed by the Board of Directors. All members of the Finance Committee must be residents of Southern Woods. The Finance Committee is involved in reviewing and approving all financial business activities and where appropriate, making recommendations to the Board of Directors for action on specific financial matters.**

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1. **DEFINITIONS** The Southern Woods Property Owners Association will hereafter be referred to as the “SWPOA” or the “Property Owners Association” or the Association”.
2. **DOCUMENTS and RECORDS** The following is a list of the financial documents and records to be safeguarded for the Association in accordance with 2004 Florida Statutes Section 720.303. All documents and records will be maintained by the business agent hired by the Association to perform the general management duties. If a business agent is not hired, then the documents and records will be maintained by the Secretary of the Association.
  - 2.1. The financial and accounting records of the Association will be maintained using good accounting practices. All financial and accounting records must be retained for a period of at least seven (7) years. The financial and accounting records must include:
    - 2.1.1. Accurate, itemized, and detailed records of all receipts and expenditures.
    - 2.1.2. A current account and a periodic statement of the account for each member, designating the name and current address of each member who is obligated to pay assessments, the due date and amount of each assessment or other charge against the member, the date and amount of each payment on the account, and the balance due.
    - 2.1.3. All tax returns and financial statements and reports of the Association.
    - 2.1.4. Any other records that identify, measure, record, or communicate financial information.
  - 2.2. A copy of the disclosure summary described in 2004 Florida Statutes Section 720.401 and attached as Appendix A
3. **BUDGETS** The Finance Committee will prepare an annual budget and present it to the Board of Directors for approval. The budget must reflect the estimated revenues and expenses for the following year and the estimated surplus or deficit as of the end of the current year. Each member will be provided with a copy of the annual budget at least 30 days and not more than 60 days prior to the annual meeting for the Association. At the annual meeting, the Association members will be asked to approve the new budget for the following year. If the members do not approve the budget, the Board of Directors shall approve a budget of no more than 10 % over the budget of the preceding year.
4. **FINANCIAL REPORTING** The Finance Committee shall prepare an annual financial report and present it to the Board of Directors within sixty days of the beginning of the fiscal year. Upon approval by the Board of Directors, the Association will distribute an annual accounting of the Association, which will include cash receipts and disbursements to each member of the Association by the end of the first quarter. Copies may be distributed to members via e-mail.

The Finance Committee is responsible to prepare all financial documents for reporting

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to the various governmental bodies (US, State of Florida, and Citrus County) where applicable. These documents will be presented to the Board of Directors for approval and submission to the respective government agencies.

The Board of Directors may engage an outside Accounting Firm to perform various services and audits as required.

5. **SAFEGUARD ASSETS** The Finance Committee has set up the following rules and regulations for safeguarding the assets of the Association.

5.1. **BANK ACCOUNTS** Bank Accounts will be established and maintained at Federal and / or State legal banking facilities. Two types of accounts will be established. The first one will be an Operating Budget Account for managing day-to-day operations and business matters. The second one will be a Reserve Fund Account for managing replacement and / or unanticipated expenses related to the entrance signs, irrigation equipment, and landscaping for the common areas. The Board of Directors may choose at their discretion to invest a portion of the funds in these two accounts in safe interest bearing accounts such as savings, money market, or Certificates of Deposit at various times throughout the year. The Finance Committee is responsible to make specific recommendations to the Board of Directors on these investment decisions.

In all cases, the Board of Directors must approve any changes in banking institutions or the addition of new accounts. If applicable and appropriate, a Safe Deposit box may also be opened and maintained for safe keeping of all legal documents required in the managing of the Association.

5.2. **BANKING PROCEDURES** The Finance Committee will review monthly bank statements at each monthly Finance Committee meeting in preparation for reporting at the monthly Board of Directors meeting.

5.3. **INSURANCE** The Board of Directors is responsible for ensuring that the Association has appropriate insurance coverage for the common property assets such as lighted signs, irrigation equipment, etc. and to ensure that the Board of Directors officers and associated sub-committee members have appropriate liability insurance coverage in case of lawsuits, etc. Insurance policies will be renewed on an annual basis. The Finance Committee will make recommendations to the Board of Directors for their final approval.

5.4. **CONTRACTS and COMPETITIVE BIDDING** The Finance Committee is responsible to ensure that the proper procedures are followed for establishing all contracts for work done for the Association and to ensure all competitive bidding activities are in compliance with the 2004 Florida Statutes Section 720.3055.

5.4.1. All contracts must be in writing. If a contract for the purchase, lease, or renting of materials or equipment, or for the provision of services, requires payment by the Association that exceeds 10 percent of the total

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annual budget of the Association, including reserves; the Association must obtain at least two competitive bids for the materials, equipment, or services.

5.4.2. Nothing contained in the 2004 Florida Statutes Section 720.3055 shall be construed to require the Association to accept the lowest bid.

5.4.3. Nothing contained in the 2004 Florida Statutes Section 720.3055 is intended to limit the ability of an Association to obtain needed products and services in an emergency.

5.5. **APPROVAL OF INVOICES** All invoices will be reviewed and approved by the Finance Committee prior to authorization for release of any funds for payment. These invoices will be reviewed on a monthly basis at a minimum and more often if required. Invoices covering contracted work already approved by the Board of Directors need only the review and approval from the Finance Committee. Invoices covering unanticipated or new work that is one time in nature and where the amount exceeds \$500 or more must also be reviewed and approved by the Board of Directors as well.

5.6. **SIGNING CHECKS** All Association expenditures will be paid via check and a Board officer must sign the check. The Treasurer is the primary signature on all checks. In his or her absence, then the Board of Directors President is authorized to sign the checks. If a management company is hired by the Board of Directors to manage day-to-day operations, then a second signature will also appear on all checks. The second signature will be that of the management company business agent.

5.7. **BANK STATEMENTS** Bank statements will be reviewed monthly by the Finance Committee and a monthly and year to date financial report will be given to the Board of Directors at their monthly meeting. Cancelled checks will be available from the bank on an as needed basis.

5.8. **ANTICIPATING CASH FLOW and INVESTING FUNDS** The Finance Committee is responsible for establishing a process for anticipating cash flow, reviewing monthly receipts and expenditures, and where appropriate propose safe investment opportunities for excess funds held during the calendar year. Examples would be Money Market Savings Accounts, short term CDAs laddered throughout the calendar year, etc.

5.9. **REVIEW ACCOUNTS RECEIVABLE** The Finance Committee will review on a monthly basis all accounts receivable related to general assessments, special assessments, and remedial assessments. Any assessments delinquent in payment will be handled per the procedures established in the following sections.

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## 6. ASSESSMENTS

- 6.1. **GENERAL ASSESSMENTS** The General Assessment will be collected annually at the beginning of the calendar year. The General Assessment notice of payment will be mailed in December of the preceding year to each member owning one or more parcels (lots) in Southern Woods. Payment is due on or before January 31. After that date, the payment is considered delinquent and penalties will be assessed (see Section 6.4 below).
- 6.2. **SPECIAL ASSESSMENTS** Special Assessments may be levied by the Board of Directors to pay extraordinary and / or unanticipated expenditures. Special Assessments may be billed at any time and are due upon receipt. The Finance Committee will recommend assessment amounts within the guidelines established in the bylaws and the covenants of the Southern Woods Property Owners Association. If payment is not received within 45 days of the billing date, the payment is considered delinquent and penalties will be assessed (see Section 6.4 below).
- 6.3. **REMEDIAL ASSESSMENTS** Remedial Assessments may be levied by the Board of Directors to reimburse the Association for any monies expended on behalf of an Owner and any additional costs reasonably related thereto. The Finance Committee will recommend assessment amounts within the guidelines established in the bylaws and the covenants of the Southern Woods Property Owners Association. If payment is not received within 45 days of the billing date, the payment is considered delinquent and penalties will be assessed (see Section 6.4 below).
- 6.4. **PENALTIES FOR DELINQUENT ACCOUNTS** When Assessments become delinquent as defined above, a late fee of \$ 25 will be assessed plus monthly interest of 1.5 percent compounded monthly on the amount owed from the original due date.

If the amount due plus late fees and interest are not paid within 45 days of their billing date, the Board of Directors will seek to record a lien against the property, the costs of which will be added to the amount due.

If after 90 days of recording the lien and the amounts due have not been paid, the Board of Directors may foreclose the lien similar to an action to foreclose a delinquent mortgage. Recovery of all related legal costs will also be sought.

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7. **SELLER'S RESPONSIBILITIES** The seller of property within Southern Woods is responsible to provide to the prospective purchaser copies of the various documents of the Southern Woods Property Owners Association for membership which include the following:

- ❑ The Declaration of Covenants, Restrictions, and Easements
- ❑ The Revised and Restated By-Laws
- ❑ The Articles of Incorporation
- ❑ The Committees' Rules and Regulations
  - Architectural Review Committee
  - Finance Committee
  - Rules Enforcement Committee
- ❑ The current year Annual Budget
- ❑ The Disclosure Summary (see Appendix A)

These documents must be given to the prospective purchaser before executing the contract for sale. The disclosure form used must be the one attached as Appendix A to this document. In addition, Transfer Fees are applicable for the sale or transfer of a property to a new owner. The fee applies to the transfer / sale of each parcel whether it be a vacant lot or a residential home site. If the home site is located on more than one parcel, the fee applies to each parcel. The Transfer Fee is \$35 for each parcel and is due at closing of the transfer / sale and will be collected by the Title Company handling the transaction. The new owner is ultimately responsible to ensure the payment of the Transfer Fee.

8. **PROSPECTIVE PURCHASERS OF PROPERTY** The Southern Woods Property Owners Association welcomes all new prospective owners of property within Southern Woods. As a new owner in Southern Woods, you are obligated to be a member of the Southern Woods Property Owners Association and will be required to follow and adhere to all membership requirements. The current owner is responsible to provide you copies of all relevant documents outlining ownership and membership requirements. As a prospective purchaser of property in Southern Woods, you are required to acknowledge in writing to the Association that you have received the above documents prior to the completion of the contract for sale. In addition, Transfer Fees are applicable for the sale or transfer of a property to a new owner.

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## APPENDIX A

### Disclosure Summary for Southern Woods

Welcome to the Southern Woods community. At Southern Woods, we are proud to have blended the unique character of Old Florida with the rich traditions of the South's truly great living environments. Southern Woods is a perfect example of the stewardship of man and nature; a relaxed mixture of traditional golf course homes and a genuine sense of appreciation for the habitat that surrounds it. Prospective purchasers of property within Southern Woods are subject to the Southern Woods Property Owners Association membership requirements. The current owner must present this disclosure summary to the prospective parcel owner in the Southern Woods community before executing the contract for sale. A Transfer Fee of \$35 for each legal parcel or lot is due and payable to the Southern Woods Property Owner's Association along with a signed copy of this disclosure form at time of closing for the sale or transfer.

1. As a purchaser of property in Southern Woods, you will be obligated to be a member of the Southern Woods Property Owners Association.
2. The Declaration of Covenants, Restrictions, and Easements, the Revised and Restated By-Laws, and the Articles of Incorporation are recorded legal documents governing the use and occupancy of properties in this community. These documents can be obtained from the record office in Citrus County or from the Secretary of the Southern Woods Property Owners Association.
3. You will be obligated to pay assessments to the Southern Woods Property Owners Association. Assessments may be subject to periodic change. The current 2006 general assessment is \$ 158 per year per parcel owned. You will also be obligated to pay any special assessments imposed by the Association.
4. You may be obligated to pay special assessments to the respective municipality, county, or special district. All assessments are subject to periodic change.
5. Your failure to pay special assessments or assessments levied by the Southern Woods Property Owners Association could result in late fees, monthly interest charges, and a lien on your property.
6. The statements contained in this disclosure form are only summary in nature, and, as a prospective purchaser, you should refer to the covenants and the Southern Woods Property Owners Association governing documents before purchasing property.

DATE: \_\_\_\_\_

PURCHASER: \_\_\_\_\_

Print Name

\_\_\_\_\_  
Signature