

FINANCIAL POLICIES
AND
PROCEDURES MANUAL



LOCUST LAKE VILLAGE PROPERTY OWNERS ASSOCIATION

Issue 19
As of 02/15/2020
[Revision Sheet](#)

REVISION NUMBER	DATE	FINANCE CHAIRS APPROVAL	BOARD TREASURE APPROVAL	BOARD APPROVAL DATE
ISSUE 17	8/15/17			
ISSUE 18	02/16/19		02/2019	02/16/2019
ISSUE 19	02/15/2020		02/15/2020	02/15/2020

Policies and Procedures Manual

Table of Contents

SECTION 1 INTRODUCTION.....4
SECTION 2 INVESTMENTS.....4
SECTION 3 DUES AND FEES.....4
 SUBSECTION 3.1 DUES COLLECTION
SECTION 4 FUNDS AND BUDGET PREPARATION.....6
 SUBSECTION 4.1.A.1 OPERATING FUND BUDGET..... 6
 SECTION 4.1.A.2 OPERATING BUDGET PREPARATION: 7
 SUBSECTION 4.1.B REPLACEMENT RESERVE FUND BUDGET..... 8
 SUBSECTION 4.1.B.1 REPLACEMENT RESERVE FUND BUDGET..... 8
 SUBSECTION 4.1.B.2 REPLACEMENT RESERVE FUND BUGET PREPERATION.....9
 SUBSECTION 4.1.C CAPITAL IMPROVEMENT FUND.....9
 SUBSECTION 4.1.C.1 CAPITAL IMPROVEMENT FUND BUDGET..... 10
 SUBSECTION 4.1.C.2 CAPITAL IMPROVEMENT FUND BUDGE PREPARATION..... 10
 SUBSECTION 4.2 HEARINGS, APPROVAL, AND PUBLICATION: 11

SECTION 5 PURCHASES OF GOODS AND SERVICES.....11
 SUBSECTION 5.1 VENDOR INVOICES.....12
 SUBSECTION 5.2 PAYMENT OF BILLS/ DEMAND AND CHECK SIGNING: 12
 SUBSECTION 5.3 REDIT CARDS AND BUSINESS ACCOUNTS: 12
SECTION 6 CASH HANDLING POLICY AND PROCEDURES.....12
 SUBSECTION 6.1 PROCESS FOR ALL RECREATION EVENTS 12
 SUBSECTION 6.1.A CASH OUT..... 12
 SUBSECTION 6.1.B RECIEPT AND DEPOSIT. 13
 SUBSECTION 6.1.C RECONCILIATION OF CASH DEPOSIT..... 13
 SUBSECTION 6.2 PROCESS FOR PETTY CASH:..13
 SUBSECTION 6.3 PROCESS FOR CASH CHANGE BANKS.....13
 SUBSECTION 6.3.A EVENT CASH CHANGE BANK..... 13
 SUBSECTION 6.3.B BINGO CASH CHANGE BANK 13
 SUBSECTION 6.3.C ADMIN CASH REGISTER 13
SECTION 7 AUDITING.....14
SECTION 8 REPORTS.....14
SECTION 9 INDEMNIFICATION.....14
SECTION 10 INSURANCE REQUIREMENTS.....15

Section 1 INTRODUCTION

This Financial Policies and Procedures Manual documents the rules for the management of Locust Lake Village Property Owners Association finances. It can only be changed by majority vote of the Board of Directors. Suggestions for changes should be given to the Chairperson of the Finance Committee for review and submission to the Board.

Section 2 INVESTMENTS

All funds of the Association will be kept in Depositories approved by the Board of Directors and insured by the Federal Deposit Insurance Corporation (FDIC limits) or invested in marketable United States Treasury instruments backed by the full faith and credit of the United States Government

Section 3 DUES

The calculation of dues is based on the number of unit types and the number of paying units. The Board of Directors approves the dues.

- A) Dues calculation rate for property owners is based on below ratios or a combination of ratios, according to the type of property owned, House(s), Lot(s), Lot Joiner(s), and Non-Perc Lot(s).
- House is 1.0 or 100% (ratio = 1.0)
 - Lot is .80 or 80% of a house (ratio = 0.80)
 - Additional Houses are 1.0 or 100% of a house (ratio = 1.0)
 - Additional lots are .50 or 50% of a lot (ratio = 0.40)
 - Lot joiners are .33 or 33% of a lot (ratio = 0.26)
 - Non-Perc lots are .50 or 50% of a lot (ratio = 0.40)
 - Additional Non-Perc lots are .50 or 50% of a Non-Perc lot (ratio = 0.20)

Subsection 3.1 Dues Collection

The following describes the Locust Lake Village Property Owners' Association's policy and procedures to collect annual dues, special assessments, and other member obligations. The By-laws (Article III Section 2) provide the authority to establish annual dues, special assessments, fees, fines and other member obligations and to undertake collection actions when necessary and appropriate. **The end state of the policy is to return Members with delinquent accounts back to Members in Good Standing.**

LLVPOA Financial Policies and Procedures Manual

Overview of Collections Process

- A.) Annual dues are due and payable the no later than February 28th (or 29th) in accordance with the community's By-laws Article 3 Section 2. In the event a homeowner cannot have account paid in full by due date they may request a Delinquent Payment Agreement which shall be subject to the terms and conditions described under DELINQUENT PAYMENT AGREEMENTS.
- B.) Locust Lake Village POA is not responsible for lost, delayed or misdirected mail.
- C.) If payment is not received by February 28th (29th) of calendar year, notices will be mailed out in the month of March informing delinquent homeowners that the collection procedures will begin.
- D.) On March 1st, any account not paid in full renders a Member not in good standing. The following are the penalties:
1. Member loses their amenity privileges.
 2. Member are not allowed to attend Locust Lake Village POA meetings. iii. Members are ineligible to vote in Locust Lake Village POA elections. iv. Interest begins accruing at 15% annual rate for accounts not paid.
 3. Unpaid amounts become an automatically perfected statutory lien on the member's property under PA Uniform Planned Communities Act.
- E.) On or about March 31st, a 30 day delinquent notice will be sent requiring payment and may offer a payment plan. There will be a 60 day and 90 day late notice mailed on or about April 30th and May 30th reinforcing collection attempts.
- F.) If full payment is not received or payment agreement reached within 90 days, Locust Lake Village POA may without further notice, take all necessary actions permitted by law to collect all outstanding debts owed to the Association. Such actions may include but are not limited to:
1. Forwarding amount due to collection agency.
 2. Filing a claim with District Magistrate or PA Court of Common Pleas to obtain a judgment for all amounts owed, including but not limited to court costs, attorney fees and collection fee of \$250.00.
 3. File for the sale of the member's real or personal property by the County Sheriff's Office.
 4. Foreclose upon the Association automatically perfected statutory lien under the PA Uniform Planned Communities Act.

LLVPOA Financial Policies and Procedures Manual

When a check for any payment is returned unpaid by the bank, the member shall pay a \$30.00 charge.

Delinquent Payment Agreements

For Settlement of ALL Delinquent Accounts

- A. The member agrees that the Delinquent Payment Agreement will be approved or denied at the discretion of the Association Manager and an officer of the Board of Directors, and subject to the following:
1. The initial payment may be negotiated.
 2. Late fees may also be negotiated.
 3. Payment of the remaining balance shall be made in no more than 36 monthly installments due no later than the 25th of every month.
 4. All future assessments, fines and other charges or fees shall be due and payable in full by their due date.
 5. In the event an owner(s) breach any term of the agreement, then the entire balance of the amounts owed under the agreement shall become due and payable at the option of the Association without notice of demand.
 6. All deeded owners of the subject property must sign and be jointly and individually bound by the agreement.

Prepayment

Prepayment of upcoming year's dues will be accepted in any amount and at any time.

Section 4 FUNDS AND BUDGET PREPARATION

Subsection 4.1 Operating Fund

- A) The Operating Fund is used to finance the day to day operations of the association. The amount of the funding is determined annually by the budget approved by the Board of Directors.

Section 4.1.A.1 OPERATING FUND BUDGET

- A) This budget is prepared by the Association Manager based on input from the Department Heads and then reviewed by the Finance Committee. In addition to the anticipated expenditures for each department, all payments due on existing financial obligations of the Association must be included.
- B) Each operating expense item shall be included in an annual Operating Budget and shall be classified as to type and amount in a manner approved by the Board and consistent with generally accepted accounting principles.

LLVPOA Financial Policies and Procedures Manual

- C) Once the Board has approved the Operating Budget, no budget line item shall be expended by over ten percent (10%) unless reviewed by the Association Manager, the Treasurer, and the Board Chairperson, and if necessary, approved by the Board of Directors. Additional appropriations shall, when possible, be transferred from other budget line within that same department, or, when not possible, be taken from the Contingency line.
- D) The Contingency Line in the Operating Budget is funded at 2% of the previous year's Operating Budget. It provides funds for previously unidentified expenses or expenses that exceed their anticipated amount and are unable to be provided from another source.
- E) If a surplus is identified at the end of the budgeted year, the amount of the unused Contingency line will be transferred into the Replacement Reserve Fund. The remaining Operating Budget surplus will be transferred into the account(s) approved by the Board of Directors.
- F) If a deficit is identified at the end of the budget year, it will be transferred into the next year's Operating Budget as an item to be funded.
- G) .The Operating Budget spans the Calendar year only.

Section 4.1.A.2 Operating Budget Preparation:

- A) Annually, on or before July 31st, the Association Manager shall request that each department head prepares a preliminary departmental budget for the coming calendar year. Each department head shall submit this preliminary budget to the Association Manager on or before August 15th.
- B) On or before September 1st, the Association Manager will schedule Departmental hearings with each Department head and the Finance Committee to review the preliminary Department budgets for the coming year.
- C) The Finance Committee will conduct a final budget assembly meeting after all line items of the proposed budget have been addressed and prior to releasing their recommendations to the Board. The Finance Committee Chair will forward the committee's recommendations to the Board no later than the October meeting of the Board of Directors.
- D) The Board of Directors will conduct a workshop with the Finance Committee Chair or a designated representative prior to the Public Budget Hearing. They will review the Preliminary Budget for the next calendar year and make any necessary adjustments.

LLVPOA Financial Policies and Procedures Manual
Subsection: 4.1.B Replacement Reserve Fund

- A) A Replacement Reserve Fund was established as a means of funding the anticipated replacement of Association assets on a like for like basis. This fund will provide the financing required to replace items over the estimated useful life of each component identified in the Replacement Reserve.
- B) This fund will receive its annual financing from the Operating Budget established by the Board of Directors. Additional monies for this fund are also obtained through interest from investing Replacement Reserve Funds and any Contingency Line item surplus from the prior year's Operating Expense Budget.
- C) This fund shall consist of projections for facilities and equipment with an initial cost of one thousand (\$1,000) or greater and a useful life of three (3) or more years and are considered as depreciable assets may also be included if they are regularly replaced as part of the normal maintenance cycle. Items purchased as "Bundled Systems" where the total purchase price may be considered for inclusion. Such items include but are not limited to computer hardware, generators, kitchen appliances and refrigeration equipment. Items donated to the association may also be included if the Board agrees they are to be maintained as an Association asset. A yearly budget for items to be purchased using monies from this fund shall be determined by the Board of Directors for the replacement of items, and the amount shall be strictly adhered to unless changed by the Board.
- D) The Board may borrow from this fund for exceptional circumstances. It should not place the fund in jeopardy, and it must repay the fund from the Operating Budget based upon an amortization schedule approved by the Board of Directors at the time of borrowing and at an interest rate of no less than the CD market rate, in effect at that time.
- E) The monies from this fund shall be held separately from all other Association monies and shall be invested according to Board policy with the earned interest returned to this fund.
- F) The primary consideration of this fund is to provide for the replacement of facilities or equipment without overburdening the Association member dues in any one year or using the Contingency line item in the Operating Budget for replacements which have been identified and projected in advance.
- G) A recommended balance of \$500,000.00 or 25% (whichever is greater) of the projected asset value of the Replacement Reserve Fund components

LLVPOA Financial Policies and Procedures Manual

should remain in the Replacement Reserve Fund. The Board of Directors may periodically revise this amount as deemed necessary, based on the needs of the association.

Section 4.1.B.1 Replacement Reserve Fund Budget

- A) Each item of the Reserve Fund Budget shall be classified as to type and amount in a manner approved by the Board and following generally accepted accounting principles.
- B) Once approved by the Board, no item or amount shall be exchanged or exceeded without Board approval.
- C) Prior to submitting items to be financed through the Reserve Fund Budget, each item should have previously been identified and placed in the Replacement Reserve so that proper financial planning can be performed and timely replacement schedules generated. As plans are developed for large-scale projects, items may be identified that should be included within the scope of the project that was not previously identified and placed in the Replacement Reserve but meets the criteria for the Replacement Reserve. If adequate funding can be arranged and the Board of Directors approves these additional items, they are to be included in the project budget and must be entered into the Replacement Reserve for future replacement financing.
- D) The Replacement Reserve shall be reviewed and updated by the Association Manager at least annually or whenever items are replaced or transferred as a result of a capital expenditure. The updated Replacement Reserve shall be submitted to the Board of Directors and the Finance Committee prior to their first budget preparation meeting.

Section 4.1.B.2 Replacement Reserve Fund Budget Preparation

- A) Annually in January, the Association Manager will begin a review of the Replacement Reserve Fund to determine any new items that meet the Replacement Reserve Fund criteria and those items that are scheduled for replacement in the next Calendar year. The results of this review will be presented to the Finance Committee on or before September 1st. The Finance Committee will discuss the results of the review. The Finance Committee will present their final recommendation to the Board of Directors at or before the October Board meeting.

LLVPOA Financial Policies and Procedures Manual

- B) The Board of Directors will approve a Replacement Reserve Fund budget, no later than the November Board meeting. No monies will be spent from this fund without prior Board approval.

4.1.C Capital Improvement Fund

- A) A Capital Improvement Fund was established as a means of providing a method to fund new association facilities, improvements, and/or equipment which can be classified as a depreciable asset with a useful life of 3 or more years and a minimum purchase price of \$ 1,000, unless a lower amount is approved by the Board of Directors. This fund is also used to fund the difference between the amount allocated to the Replacement Reserve Fund for an asset which will be upgraded to a higher classification. The Capital Improvement Fund is an ongoing fund that is not designated for any specific project and the monies in this fund are not specific to any Calendar Year.
- B) The Capital Improvement Fund establishes an ongoing mechanism for providing the funding necessary to accomplish planned Association improvements without the need for special assessments for each project. Once built, improved, or purchased, these items will be transferred to the Replacement Reserve Fund along with a projection of the expected lifespan and the anticipated cost of replacement for a like item when the time for replacement is reached. This fund will receive its financing yearly from the Operating Budget at an amount determined by the Board of Directors, based upon the recommendations of the Finance Committee. All Capital Improvement fees as authorized in the Pennsylvania Planned Communities Act and collected during the year are also to be deposited into this fund. This policy should be periodically reviewed and modified to meet Association funding requirements.
- C) A yearly budget for project expenditures from this fund will be provided by the Board of Directors and administered by the Association Manager. There will be strict adherence to this budget. No changes may be made without the approval of the Board of Directors. Since this fund is not for any specific Calendar Period, the monies available in the fund are not intended to be synonymous with the amounts budgeted and expended. D) The monies from this fund shall be held separately from all other Association monies and shall be invested according to Board policy with interest returned to this fund.

LLVPOA Financial Policies and Procedures Manual

- E) The primary consideration for this fund is to provide funding for new facilities, improvements, and equipment without overburdening the Association member dues in any one year.
- F) It is recommended that the fund not be expended by more than 80% of the monies available in any given calendar year. The Board of Directors may revise this fund balance goal as deemed necessary based on the anticipated projects and needs of the Association .

Section 4.1.C.1 Capital Improvement Fund Budget

- A) Each item, project, or improvement in the Capital Improvement Fund Budget shall be classified by type and amount in a manner approved by the Board and following generally accepted accounting principles.
- B) Each project or acquisition funded by means of the Capital Improvement Fund shall require the following before approval by the Board of Directors: 1) A plan reviewed by the Association Manager stating the purpose and benefits of the Capital Improvement. 2) A summary estimate of the project cost, including all contingencies, and if possible, a firm bid from the vendor.
 - 3) A project schedule indicating start and completion dates and any milestones considered significant by the Association Manager and/or project manager.
- C) Once approved by the Board, no item, project or improvement shall be exchanged or exceeded without Board approval.
- D) Any Capital project that exceeds 8% of the current calendar year's Operating Budget must be approved by the general membership per By-Laws.

Section 4.1.C.2 Capital Improvement Fund Budget Preparation

- A) Annually in January, the Association Manager will begin a review of the current and proposed projects and acquisition for the following year that meet the Capital Improvement Fund criteria. The results of this review will be presented by the Association Manager to the Finance Committee on or before September 1st The Finance Committee will discuss the results of the review. The Finance Committee will present their final recommendation to the Board of Directors at the or before the October Board meeting.
- B) The Board of Directors will approve a Capital Improvement Fund budget, no later than the November Board meeting. No monies will be spent from this fund without prior Board approval.

LLVPOA Financial Policies and Procedures Manual
Subsection 4.2 Hearings, Approval, and Publication:

- A) At least seven (7) days prior to the November Board meeting, the Treasurer will hold a Public Hearing to present the Preliminary Operating Expense budget for the next calendar year. A summary of the proposed budget, including anticipated dues, fees, or assessments to be levied on the membership will be presented to the attending members. The Treasurer, Board Members and attending Finance Committee members will listen to and take under advisement member comments.
- B) Any necessary adjustments to the Preliminary Operating Expense budget will be made by the Board of Directors with input from the Finance Committee chair.
- C) The Board will approve the Operating Expense budget for the next calendar year at the November Board Meeting.
- D) Once approved, the Association Manager will print the budget in reasonable detail in an official publication and mail it to all Association members, on or before December 15th.

Section 5 PURCHASES OF GOODS AND SERVICES

Definitions:

- 1. Purchases = purchase of goods or services
 - 2. PAPR = pre-approved purchase request form
- A) All purchases require a voucher
 - B) All Vouchers, require the signature of a Department head, Committee Chairman or Club Representative.
 - C) All purchases \$1,000 or greater require a Voucher and the signature of a Department head and approval/signature the Association Manager.
 - D) All purchases \$5,000 or greater require a Voucher, PAPR and written or printed quotes from 3 vendors. Documentation is required if unable to provide 3 quotes.
 - E) All purchases \$25,000 or greater require a Voucher, PAPR, 3 Vendor quotes as above and Board approval.
 - F) Documentation will be maintained regarding purchases, vendor quotes and vendors used.
 - G) All purchases \$1,000 or greater must have necessary approvals prior to the purchase.
 - H) Vouchers not required for regular monthly services or contracted services. I.E.: Insurance, utilities (including fuels) trash and employee expenses

LLVPOA Financial Policies and Procedures Manual

Subsection 5.1 Vendor invoices

As vendor invoices are received by the Association, the following procedures applies:

- 1) Department Manager and Association Manager or his designee verify the receipt of goods or services. This shall include the physical inspection of goods or services.
- 2) The invoice and PO and PAPR (if required) are submitted to the Financial Coordinator for payment. The PO is to be verified that all amounts shown on the invoice are calculated correctly and the invoice has not been previously paid.

Subsection 5.2 Payment of Bills/Demand and check Signing

At their September meeting (or anytime as needed) the Board of Directors, will authorize the Board Treasurer, Assistant Treasurer, Chair, and Vice-Chair, as well as Association Manager to sign checks, drafts, and withdrawals from bank and investment accounts maintained by the Locust Lake Property Owners Association. Any two of these authorized people can transact for the benefit of the LLVPOA any financial, banking or investment business that is approved by the Board-of-Directors. Electronic transfers between LLVPOA financial accounts and ACH transfers in the normal course of payment do not require 2 signatures.

Subsection 5.3 Credit Cards and Business Accounts

- A) Documentations or photo copies of Credit Cards and Business Accounts will be maintained in both manual and computer Office files. These accounts may be updated as necessary by the Association Manager, the Board of Directors, or the Financial Coordinator during the year.
- B) These files will be reviewed and updated as needed.
- C) Only LLV financial transactions may be made using these accounts. All transactions will follow LLV Financial Policies. All transactions will be documented by the Financial Coordinator in the appropriate Budget section.
- D) A village issued credit card may be used by a committee member for the purchase of goods or services

Section 6 CASH HANDLING POLICY AND PROCEDURES

All Locust Lake Village employees or volunteers that handle cash must have an awareness of a commitment to strong internal controls for cash receipts. Internal controls are necessary to prevent mishandling of funds and to safeguard against loss.

Subsection 6.1 Process for all Recreation Events (includes Bingo, picnics, etc.)

Subsection 6.1.A Cash out

At the end of an event in the Village, two people will count the cash. The amount counted will be written down on the “cash receipt” form, along with other information i.e.; Name of event, date of the event. The two people who counted the money will sign the form.

Subsection 6.1.B Receipt and Deposit

The “cash receipt” form and the cash are placed inside the supplied tamper proof bag. The bag is sealed. The Rangers are called to pick up the bag. The bag is taken back to the office and put in a secure, locked place. **Subsection 6.1.C**

Reconciliation of Cash Deposit

The next day the bag is opened, and the cash is counted by an office employee designated by the Association Manger. The cash is then recorded on the daily receipt log and given to the Financial Coordinator or an employee designated by the Association Manager. Any significant discrepancies are immediately reported to the Association Manager, Chairman, and Treasurer **Subsection 6.2 Process for**

Petty Cash:

Petty cash is used for incidental purchases when credit cards or checks are not feasible. Assigned office staff will have an approved amount on hand as determined by the Association Manager. Approved purchase orders or receipts are necessary for the use of petty cash. A detailed account is kept regarding the use of monies from petty cash. Petty cash is to be secured in a locked location.

Subsection 6.3 Process for Cash Change Banks:

Cash change banks are used at a village event when necessary.

Subsection 6.3.A Event Cash Change Bank

The Recreation Director will have a cash change bank in an amount approved by the Association Manager. The Recreation Director is responsible for the cash change bank and shall have it secured at all times. **Subsection 6.3.B Bingo**

Cash Change Bank

Bingo will have a cash change bank in an amount approved by the Association Manager, plus an additional amount to start the Jackpot. This cash change bank is to be secured in a locked location and picked up by a bingo coordinator. The bingo coordinator is responsible for the cash change bank and shall have it secured at all times. **Subsection 6.3.C Admin Cash Register**

LLVPOA Financial Policies and Procedures Manual

The Administration Office cash register has a cash change bank with an amount approved by the Association Manager. The office personnel will monitor the cash register drawer during the day and locked at night.

Section 7 AUDITING

Annually, at the end of each calendar year, the Board will engage a certified public accountant as independent auditor elected pursuant to the By-Laws to audit the financial records of the Association, prepare tax returns and formal financial statements. Formal financial statements will be printed in their entirety, including footnotes. The Treasurer will assure that the certified public accountant completes a full audit as defined by the American Institute of Certified Public Accountants when the following exists: change in manager, change in bookkeeper. Also, the Board may order an independent audit of the books and records of the Association at any time during the year. Also, the Board may establish an internal audit committee for the purpose of performing the same duties on a non-certified basis.

Section 8 REPORTS

Any LLVPOA member in good standing may request reports in compliance with State law. (see attached)

Section 9 INDEMNIFICATION

- A) Locust Lake Village Property Owner's Association will indemnify, hold harmless and defend any and all current and former members of the Board of Directors, Committee members and employees and their respective heirs, executors, and administrators to the full extent permitted by law and will purchase appropriate insurance for that purpose.
- B) It shall also indemnify each current and former member of the Board of Directors, Committee member and employee against all financial liability and legal expense, including counsel fees reasonably incurred in connection with any action, suit, claim or other proceeding to which the aforementioned may be made a party by reason of being or having been a Director, Committee member or employee of the Association.
- C) The Association shall have no duty, however, to indemnify, hold harmless or defend any current or former Director, Committee member or employee for any matter in which they shall be found by a court or other tribunal to have acted in a manner that constitutes illegal activity, recklessness, gross negligence or intentional misconduct arising out of that person's action on behalf of, or as a representative of, or at the request of the Association.
- D) Current or former members of the Board of Directors shall not be personally liable to the Association or its members except for acts of willful or illegal misconduct or

LLVPOA Financial Policies and Procedures Manual

breach of a fiduciary duty which constitute intentional misconduct or gross negligence.

- E) In the event of any settlement, the duty to indemnify shall encompass only the matters resolved by the settlement, and then only if the Association is advised by counsel that the person to be indemnified had not committed any acts or omissions constituting recklessness, gross negligence or intentional misconduct in the matter
- F) All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason of, ensuing out of or in connection with the foregoing indemnification provisions shall be treated by the Association as a common expense

Section 10 INSURANCE REQUIREMENTS

- A) Locust Lake Village Property Owners Association shall purchase insurance coverage as required by Federal and State law. Examples of such insurance are (but not limited to) Worker's Compensation, Vehicle Insurance, Ski Hill Liability, and Property Insurance for structures which are financed by a lending institution
- B) The Association shall also purchase directors' liability insurance as required to meet the indemnification requirements as listed in Section 11.
- C) All real estate and assets owned by the Association without liens or mortgages, which does not require coverage as dictated by Federal or State law shall be insured for a minimum of replacement cost against the following:
 - Fire
 - Vandalism
 - Natural Disaster (Such as Wind and Storm Damage)
 - Theft
 - Deterioration of contents due to power interruptions (Example is food spoilage due to loss of power to a freezer)
- D) All equipment such as computers and other electronic devices should be insured against loss caused by electrical power surges unless the equipment is protected by a surge protector which carries a separate replacement guarantee.
- E) Data Breach. Insurance to protect the Association should members' personal data be obtained without their consent, from Association owned or controlled files, computers, servers or websites.
- F) General Liability. Insurance to protect against alleged bodily or property harm or damage to a third party.
- G) Any Club, Group, or Organization (the Club), whether sanctioned by the Locust Lake Village Property Owners Association or not and conducting activities within the physical boundaries of Locust Lake Village must comply with the following
 - a. It must contact the LLVPOA insurance consultant for a review of the insurance requirements for the type of activities conducted by the Club.

LLVPOA Financial Policies and Procedures Manual

- b. Should the insurance consultant discover that the existing LLVPOA insurance policies provide adequate coverage and do not exclude the activities to be conducted, the Club must provide the LLVPOA manager with a written determination so states and it must be filed along with other insurance documents kept by the LLVPOA
- c. In the event, the insurance consultant recommends that the Club purchase insurance coverage or finds there are governmental requirements that require coverage in order to legally conduct their activities, then the Club must:
 - 1. Provide the LLVPOA office with a copy of the insurance policy, including the coverage amounts, policy type, and effective date
 - 2. The LLVPOA must be named as an Additional Insured under the policies purchased by the Club.
- d. Contractors and service providers when necessary shall provide a Certificate of Insurance naming the LLVPOA as additionally insured. Minimum liability coverage shall be \$1 million per incident and \$2 million aggregate. Certificate of Insurance should also show evidence of worker's compensation for their employees.