

3. Sienna Plantation Residential Association, Inc., sometimes doing business as Sienna Residential Association (“SRA”) as referenced in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sienna Plantation (Sienna Plantation Residential Association, Inc.), recorded under Clerk’s File No. 2012104699 in the Official Public Records of Fort Bend County, Texas (“Declaration”), as same has been or may be amended from time to time, and any other property which has been or may be subsequently annexed thereto and made subject to the authority of SRA.

Any reference in this Policy to “Board”, “Boards”, “Association” or “Associations” applies to all of the above-mentioned entities. Any reference in this Policy to “Sienna” collectively means that property encumbered by the Declaration, and the Covenant.

Each Board is authorized by its respective dedicatory instruments to adopt policies pertaining to the governance of the Association that it serves. Invalidation of any one or more of the covenants, restrictions, conditions, or provisions contained in this Policy shall in no way affect any of the other covenants, restrictions, conditions, or provisions which shall remain in full force and effect.

III. GOAL

The Associations desire to maintain their assets at a consistently high level and gain maximum life from its assets. Current owners should be charged equitably with the cost of current use of assets. To be able to ensure that adequate funds will be available when needed without a Special Assessment and without major fluctuations in the assessment level, the Associations will have to accumulate funds using the funding methods outlined below unless otherwise approved by the applicable Board.

To adequately fund new assets, the expense of capital expenditures will be differentiated from operating expenditures and reserve expenditures.

IV. DEFINITIONS

To be classified as a **reserve** item, an asset should have a useful life of 2 or more years. A reserve item should have a replacement cost of at least \$1,000 per component or in aggregate (10 chairs at \$100 each). Recurring annual expenses for maintenance and repairs of assets may also be classified as a reserve item expense (such as painting) if it extends the useful life of the asset. Major repairs, restoration or replacement of assets are considered reserve items. New facilities, additions to existing facilities or property, or improvements to existing facilities or property will not be funded from reserves.

To be classified as a **capital expenditure**, the asset should cost \$1,000 or more, must not be a recurring item and not be replacing an old item. The asset should have a useful life of 2 or more years to be classified as a capital expenditure.

If the expenditure is for replacement of an asset and the function of that asset is substantially expanded, the difference in cost between the replacement of a comparable asset (which is a reserve item) and the expanded asset will be considered a **capital expenditure**.

V. DOCUMENTATION AND VALUATION

A Reserve Study shall be prepared and presented annually by a qualified external Reserve Specialist to establish valuation and future related expenses. Every three years the update will be done with "on site visit" and updated in the interim two years with "no site visit" based on actual expenses incurred and staff provided input.

VI. FUNDING METHODS & GOALS

A. For residential associations (SCA, SRA & STHA), reserves are to be funded through one or more of the following:

1. a portion of capitalization fees (or Working Cap Fees) for new homes, collected when a new home is sold by a builder to a homeowner;
2. the capitalization fees (Working Cap Fee, Reserve Cap Fee) for resale transactions, collected when a homeowner sells to a homeowner;
3. through a contribution from Community Fund sources (Sienna Community Services Foundation or Sienna Community Association Capital Enhancement Funds); and/or
4. as a portion of the annual operating assessment.

B. For commercial associations (SPOA), reserves are to be funded through one or more of the following:

1. a portion of capitalization fees (or Working Cap Fees) for new properties, collected when the developer sells to a commercial user or commercial developer;
2. the capitalization fees (Working Cap Fee, Reserve Cap Fee) for resale transactions, collected when a commercial owner sells to another commercial owner;
3. through a contribution from the Sienna Plantation Community Art Trust Fund (SPCAT); and/or
4. as a portion of the annual operating assessment.

C. Annually each Association, except as indicated in paragraph D below, will establish their funding goal for the next year during the budget process, which will be using one of the follow approaches unless otherwise determined by the Board and/or recommended by the Finance Advisory Committee.

1. For Associations which development is close to completion and the association is at least 5 years old, fund reserves equal to the expected reserve expenditures for the next year. This is the least preferred option.
2. Fund reserves equal to the average reserve expenditure (based on reserve study) over 5-20 years.

3. Fund reserves to end the next fiscal year no less than 25% funded based on the reserve report.
 4. Fund reserves to end the next fiscal year with an ending balance no less than the equivalent of 1 year's expense in the reserve study, based on the average over 5-20 years equal to the annual reserve expenditures based plus 1 years' reserve expense
- D. The goal for any of the associations, or neighborhoods which reserve for individual property maintenance or private roads, will be 70-100% of the fully funded recommendation in the reserve report. In the event the fund balance drops below 70% during a year the assessment set for the following year must be increased sufficiently to bring the balance back to the 70% fund level. In budgeting for 2025 for any of the neighborhoods which do not currently meet the 70% fund level, the 2025 budget must include a specific plan to achieve that fund level within the next 3 fiscal years (2025, 2026 and 2027).

VII. RECORDKEEPING AND FUND MAINTENANCE

Separate and distinct financial records shall be maintained and presented regularly for the reserve funds reflecting reserve income and expense, and fund balance information.

Separate reserve bank accounts and saving instruments only related to reserve funds shall be maintained and reconciled regularly; and any interest earned remains in the reserve fund.

Capital expenditures are to be funded in the year that they are paid.

Policy Name	Approved/Finalized	Revised
Reserve and Capital Policy		August 8 and 13, 2024
Reserve and Capital Policy-SCA, SPOA, SRA & STHA		July 28, August 2 and August 4, 2022, October 20, 2022
Reserve and Capital Policy-SRA		March 27, 2017
Reserve and Capital Policy-SRA		October 22, 2012
Reserve and Capital Policy-SRA		August 27, 2008
Reserve and Capital Policy-SRA	November 30, 2005	

CERTIFICATION
SIENNA PROPERTY OWNERS ASSOCIATION

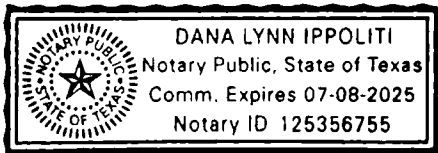
I hereby certify, as Secretary of Sienna Plantation Property Owners Association, Inc., the foregoing Access, Production, and Copying Policy was approved on the 13th day of August, 2024 at a meeting of the Board of Directors at which a quorum was present.

By: Allison Bond
Print Name: Allison Bond
Title: Secretary

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

BEFORE ME, the undersigned authority, on this day personally appeared Allison Bond, the Secretary of the Sienna Plantation Property Owners Association, Inc. known by me to be the person whose name is subscribed to this instrument and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and in the capacity therein expressed.

Given under my hand and seal of office, this the 13th day of August, 2024



Dana L Ippoliti
Notary Public – State of Texas

