

NORTHTOWN HOMEOWNERS' ASSOCIATION, INC.

POLICY & PROCEDURE

BILL PAYMENT AUTHORIZATION & BUDGETED LINE ITEM SPENDING

Revised March 2013

1. All bills for recurring expenses such as utility payments, landscaping contracts, etc., should be paid as agreed. Each bill must be reviewed by the Treasurer and/or the bookkeeper for any excess charges or unusual activity. In the event of an unexpected variance, the Board member responsible for overseeing the function shall verify the bill and contact the vendor or supplier if necessary. The Treasurer is not to fund such a payment until approved by the Board member involved or the President or Vice President in the absence of the responsible Board member.
2. The following Board members are authorized to spend up to \$100 in any calendar month for unexpected or emergency maintenance/repairs without the immediate approval of the Board: President, Clubhouse Manager, Roads and Grounds Manager, Pool Manager. Consultation with the President or Vice President is appropriate before the expense is incurred, provided one of these Officers is available. These charges must be reported to the Board at the next regular Board of Directors meeting.
3. Board members with specific facility oversight (Pool, Clubhouse, Roads and Grounds) may authorize or contract for **budgeted** expenses within their areas up to 20% of the remaining funds for the line item category or 1% of the total Association budget expenses for the current year, whichever is smaller. Board members, who authorize such spending, must obtain prior approval in writing, from any Officer of the Association and the expense must be reported at the next following Board meeting.
4. Officers of the Board of Directors may individually make purchases or approve expenses in the area of Administration Expenses (or similar budget category) following the guidelines and limits set forth in paragraph three (3) without the approval of another Officer. However, attorney fees or legal expenses (including contact by e-mail, fax, phone or other electronic means) shall be limited to the equivalent of one (1) hour of billable time in a calendar month, and shall require the approval and participation of at least two (2) Officers. These Officers shall inform the full Board of their action at the earliest possible opportunity. (Legal expenses exceeding the limit above may only be incurred with the prior approval of a majority of a quorum of the full Board.
5. No Board member or Officer of the Association shall have the power to approve or contract for any expense that is not budgeted in the current calendar year; nor shall any member or Officer have the power to exceed the limits of the line items or categories of the approved Association budget. Such exceptional spending must be approved by means of a budget revision voted on at a regular Board meeting. A Special or Emergency or Closed meeting of the Board may not vote on a budget revision.