

MUTUAL OPERATIONS

ACCOUNTING AND FISCAL

Mutual Budgets – Mutual Nine Only

I. BASIS

The Operating Budget is distributed to all shareholders annually 30 to 90 days before the beginning of the fiscal year. In addition, a summary of the Mutual's reserves; whether special assessments will be needed for any major repairs, replacements or restorations or to replenish reserves; and a statement of the procedures used for the calculations of the reserves is included.

The Management Agreement between the Mutual and the Golden Rain Foundation requires, under paragraph Fourth, subparagraph (k), that the Foundation shall prepare a budget for adoption by the Mutual for those items covered by the Agreement.

II. METHOD OF PREPARATION

Since the Management Agreement between the Mutual and the Foundation requires the Foundation to prepare a budget with respect to the items contained in the Agreement, and since these items become a portion of the budget of the Mutual Corporation, the following procedure is used in preparing and presenting budgets for adoption:

- A. The Golden Rain portion of the budget is prepared and adopted by the Board of Directors during July for the fiscal year following. The portions of the budget covered by this adoption are: Administration, Property Management, Recreation, Grounds Maintenance (Community Facilities), Transportation, Community Facilities Maintenance, Security, Service Maintenance (all phases except Mutual Improvements), Janitorial Services, Other.
- B. After the adoption of the Golden Rain Foundation budget, the costs of this budget are allocated to the Mutual for use in their budget preparation.
- C. The Golden Rain Foundation is responsible for furnishing information to the Mutual Corporation regarding those budget items which are not covered by the Foundation budget. These costs fall into two groups:
 1. The items that are either required by contract or set up by governmental agencies are: Federal Income Tax, Property Taxes, Hazard Insurance, State Franchise Tax,

(Feb 09)

MUTUAL OPERATIONS**ACCOUNTING AND FISCAL****Mutual Budgets – Mutual Nine Only**

Management Fee, Trust Maintenance Cost

2. The items which must be determined by the Mutual Board individually are:
Utilities, Outside Services, Professional Fees, Contributions to Capital
- D. Recommendations by the Golden Rain Foundation concerning the Mutual budget, together with estimates of income, expenses, and monthly carrying charges, should be available to the Mutual Corporation at the time of the study meetings between the staff and the Mutual President and Mutual Chief Financial Officer, and are usually held the first or second week of August so that complete information is available for determining budget factors.

At least ten days prior to the September Board meeting, the draft Mutual budget should be available to the Mutual Corporation so the Directors have a period of time to study and evaluate the draft Mutual budget before adopting it at the Mutual's September meeting.

III. OTHER INFORMATION

- A. The administrative staff is always ready and available to discuss proposed budget actions, and to make budget presentations when requested by the Mutual Board.
- B. In order to keep Directors informed of the procedures on the Budget, all Mutual Directors are furnished complete information on the Mutual budget recommendations.

Procedure

MUTUAL NINE: Jul 88, Aug 00, Feb 09

(Feb 09)