

**LAKE OF THE PINES ASSOCIATION
POLICIES & PROCEDURES**



Salvage

Purpose:

From time to time certain assets will have reached the end of their useful life and need to be disposed of. Also, certain assets may no longer be needed and become surplus.

Timely and efficient disposal of such assets is essential to maximize recovered dollars. Therefore, any asset taken out of service with no known near term return to service must be considered for salvage. It is the responsibility of management to monitor the inventory and take timely action in these instances.

Authority and Limitations:

Article I, Section 8, Lake of the Pines restated CC&Rs, definitions

Article III, Section 3, Lake of the Pines restated CC&R's, Powers and Authority of the Association

Article VII, Section 1, Lake of the Pines restated CC&R's, Association and Owner Maintenance Responsibilities, Common Areas

Article VI, Lake of the Pines By-Laws, Section 1. General Association Powers

Article VIII, Section 2, Miscellaneous, General Manager, Lake of the Pines By-Laws,

Article XIII, Section 2, Lake of the Pines By-Laws, Limitations on Powers.

Scope:

This policy shall apply to all Association common facilities and equipment sold or salvaged, as authorized by the governing documents. However, without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not Sell, during any fiscal year, property of the Association having an

aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year; provided however, that this limitation shall not apply to the sale or other disposition of improved or unimproved Lots acquired by the Association in foreclosure proceedings.

The general manager shall maintain an annual record of the total value of salvaged items to ensure compliance with Article XII, section 2.

Applicability:

Non-capitalized assets consisting of items with an original cost less than \$1000 that have been in service for a minimum five years are likely to have minimum value, and can be disposed of at the sole discretion of the General Manager. Such non-capitalized assets salvaged will be reported to the Board of Directors within 30 days of sale or disposal.

Assets in the category that have less than five years of service require the additional approval of the President or Treasurer.

Capitalized assets generally have a much higher original cost and will have a more significant salvage value. In order to recognize a fair and reasonable sales price every effort must be made to determine current market value. It is the responsibility of Management to prepare a market analysis using the best available information and recommend to the Board a justifiable estimated sales price.

In addition, each capital asset salvage request must include the original cost, the original estimated life and the current book value thus giving insight into the validity of the underlying assumptions. When applicable, a condition report showing how the asset has performed against the manufacturer's estimated useful life will be provided to assist the Board and Management in determining brand preferences going forward. The condition report should show hours of operation or mileage as well as details of major maintenance such as overhaul or rebuild.

Contemplated or already completed like kind replacement should be listed and cross referenced to the salvage request.

Items salvaged should be advertised for sale or offered for bid in appropriate advertising media, such as Local Newspaper, online classifieds or auction sites, or trade publications appropriate for the particular equipment for a period of not less than two weeks, or until sold to the highest offer.

While employees and/or members may bid or make offers on the equipment as advertised, the primary goal should be maximum resale revenue.

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