

The Legends at Grove City Condominium Association

Finance Policy

F-03

Policy on Capital Improvement

Drafted: January 17, 2024

Adopted:

Revised:

Policy on Capital Improvement

At closing of the sale or resale of a unit, the purchaser will pay a Capital Improvement fee in the amount of one (1) month's assessment and deposited to a separate capital improvement fund.

Monies in the capital improvement fund shall be used exclusively for capital improvement upon a vote of seventy-five (75%) percent of all unit owners.

In the case of resale or transfer of a unit consisting of unimproved real estate, the capital improvement fee will be one-half of one (1) month's assessment.

No capital improvement fee shall be imposed on any gratuitous transfer of a unit between any of the following family members: spouses, parent and child, siblings, grandparent and grandchild, nor on any transfer of a unit by foreclosure sale.

Legal Document References

Public Offering:

A reserve fund will be established by a working capital contribution by the Purchaser in the amount of One (1) month's assessment for each Unit payable at the closing on the sale of the Unit. Thereafter, an annual charge of one (1) month's assessment per unit will be made for Capital Improvements and deposited to a separate capital improvement fund. Monies in the capital improvement fund shall be used exclusively for capital improvement upon a vote of seventy-five (75%) percent of all unit owners.

Fees Due From Purchasers at Closing

At the closing of each unit, the purchaser may be required to provide, in addition to

estate transfer tax stamps, a pro-rata share of per property taxes, title insurance, if any settlement and recording fees, any charges relating to the Purchaser's financing of the unit; and contributions to capital improvement referred to above.

Declaration of Condominium: No Reference

By-Laws: No Reference

PA Code:

Impose reasonable charges for the preparation and recording of amendments to the declaration, resale certificates required by section 5407 (relating to resales of units) which shall be one charge that may be made by the association solely because of the resale or retransfer of any unit or statement of unpaid assessments. In addition, an association may impose a capital improvement fee, but no other fees, on the resale or transfer of units in accordance with the following: (i) The capital improvement fee for any unit shall not exceed the annual assessments for general common expense charged to such unit during the most recently completed fiscal year of the association, provided that: (A) in the case of resale or transfer of a unit consisting of unimproved real estate, the capital improvement fee shall not exceed one-half of the annual assessments for general common expenses charged to such unit during the most recently completed fiscal year of the association; (B) in the case of resale or transfer of a unit which was either created or added to the planned community in accordance with section 5211 (relating to conversion and expansion of flexible planned communities) at some time during the most recently completed fiscal year of the association but was not in existence for the entire fiscal year, the capital improvement fee shall not exceed one-half of the annual assessments for general common expenses charged to a unit comparable to such unit during the most recently completed fiscal year of the association; and (C) capital improvement fees are not refundable upon any sale, conveyance or any other transfer of the title to a unit. (ii) Capital improvement fees allocated by an association must be maintained in a separate capital account and may be expended only for new capital improvements or replacement of existing common elements and may not be expended for operation, maintenance or other purposes. (iii) No capital improvement fee shall be imposed on any gratuitous transfer of a unit between any of the following family members: spouses, parent and child, siblings, grandparent and grandchild, nor on any transfer of a unit by foreclosure sale or deed in lieu of foreclosure to a secured lending institution as defined by the act of December 3, 1959 (P.L.1688, No.621), known as the Housing Finance Agency Law.

Rules & Regulations: No References