

308C.613 BUDGET AND REPLACEMENT RESERVE REQUIREMENTS.

Subdivision 1. **Requirements.** The annual budget of a senior housing cooperative formed under this chapter shall include, without limitation:

- (1) the amount included in the budget as a reserve for replacement;
- (2) the amount included in the budget for the general operating reserve;
- (3) the amount included in the budget for any other reserves;
- (4) the projected common expense for each category of expenditures for the cooperative; and
- (5) the projected monthly common expense assessment for each type of dwelling unit.

Subd. 2. **Replacement reserves.** The cooperative shall include in its annual budgets replacement reserves projected by the board to be adequate, together with past and future contributions thereto to fund the replacement of those components of the cooperative that the cooperative is obligated to replace by reason of ordinary wear and tear or obsolescence, subject to the following:

(1) the annual budgets need not include reserves for replacement of components that have a remaining useful life of more than 30 years, unless required otherwise by the lender or mortgage insurer relative to the cooperative's master mortgage;

(2) the cooperative shall keep the replacement reserves in an account or accounts separate from the cooperative's operating funds, and shall not use or borrow from the replacement reserves to fund the cooperative's operating expenses, except that this restriction shall not affect the cooperative's authority to pledge the replacement reserves as security for a loan to the cooperative; and

(3) the cooperative shall reevaluate the adequacy of the cooperative's budgeted replacement reserves at least every third year after the filing of the cooperative's articles.

History: 2024 c 96 art 1 s 56