

## **ANNEX 4**

# **RULES OF FUNDS OF UNIT OWNERS ASSOCIATION**

- 1) The Unit Owners Association (“Association“) creates the Maintenance Fund, the Income Fund and the Real Estate Fund.
- 2) The Maintenance Fund is held to pay for repairs, alterations or renovation irrespective of which body of the Association decided about the repair, alteration or renovation. The Maintenance Fund is divided into two sub-funds:
  - a) The Investment Fund in which the funds deposited by the Association members to carry out necessary repairs, alterations and renovations are held. The Committee may use such funds to ensure repairs, alterations or renovations approved in the Investment Plan without further approval of the Assembly;
  - b) The Emergency Fund in which the funds intended exclusively and solely to cover the costs which the Assembly may incur as a result of emergency are held. The amount of the Emergency sub-fund is fixed by the Assembly. By adopting the present Article, i.e. this Annex, the amount of the Emergency Fund is fixed at CZK 2,000,000 by the Assembly. The Committee is obliged to manage the funds so that the amount of the funds held by the Association does not fall below the amount equal to the Emergency Fund. Whenever the funds of the Emergency Fund are used, the Emergency Fund must be replenished up to the last fixed amount. The Committee is authorized to replenish the Emergency Fund from the Investment Fund automatically.
- 3) The Income Fund is credited with and holds funds received by the Association as consideration for agreements and contracts. This includes (without limitation) the income from leases of its property and leases of common parts of the building. The Income Fund is used to cover the costs of repairs, alterations or renovation, as well as purchase of movable assets irrespective of which body decided about the repairs, alterations, renovation and/or acquisition of movable assets.
- 4) The Real Estate Fund holds real estate owned by the Association. Any disposal or encumbrance of such real estate requires the approval of the Assembly. Decisions about the lease of such real estate fall within the competence of the Committee.
- 5) The Committee is authorized to decide about repairs, modernization or renovation of the common parts of the Building in compliance with the approved Plan of repairs, modernization and renovation of common parts of the Building and the budget of the Association. The Committee is also authorized to decide about repairs, alterations or renovation of the common parts of the Building the total value of which does not exceed CZK 2,000,000 per calendar year. The Assembly may change such limit provided such decision is adopted by a three-fourths majority of the members of Association present in the meeting of the Assembly. The Committee is not limited by such limit in the event of emergency repairs or repairs required in the relevant inspection report. In other cases the Assembly decides.
- 6) The Committee is authorized to make decisions about acquisition or disposal of movable assets.
- 7) Profits of the Association, if any, may be distributed among the members of the Association following the approval of the financial statements provided it is approved by all members of the Association; the profits shall be distributed in proportion to the co-ownership shares held by the Association members in common parts of the Building and the land. Special legislation shall apply to tax issues.

In Prague, on 24 November 2016