

**RESOLUTION  
OF  
PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.  
REGARDING RESERVE STUDY POLICY**

**SUBJECT:** Adoption of a policy related to when the Association will have a reserve study prepared, whether there is a funding plan for the work recommended by the reserve study, and whether the reserve study will be based on a physical analysis and a financial analysis.

**PURPOSES:** To provide for the creation and review of a reserve study and for the funding of the work recommended by the reserve study.

**AUTHORITY:** The Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law

**EFFECTIVE DATE:** June 14 , 2017

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Baseline Reserve Study. The Association **\*\*\*has conducted a baseline reserve study/shall, within twelve months of the adoption of this Resolution, conduct a baseline reserve study\*\*\***, which **IF STUDY ALREADY CONDUCTED:** both a physical analysis and a financial analysis as follows:

A. The physical analysis:

- (1) A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.
- (2) A condition assessment of each component on the component inventory by on-site inspection.
- (3) Estimates of the remaining useful life and replacement costs of each component.

B. The financial analysis:

- (1) An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.
- (2) A future funding plan to meet the requirements of the reserve study.

**\*\*\*IF RESERVE STUDY DONE ANNUALLY\*\*\***

2. Update of the Reserve Study. Every three (3) year following the establishment of the baseline reserve study as provided above, the Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by HOA board members to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. The update may be done either with or without a site visit. In determining whether a site visit is required in any given year in order to update the reserve study, the Association shall take into consideration the following:

- A. Any special or extraordinary issues facing the community (such as an increase in roof leaks or other maintenance issues).
- B. Increased deterioration in any components beyond normal wear and tear.
- C. Economic changes that affect the replacement cost of any component.
- D. Whether routine maintenance of the components has been kept up with.

**\*\*\*IF RESERVE STUDY NOT DONE ANNUALLY\*\*\***

2. Update of the Reserve Study.

A. The Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by HOA board members at least every 3 years to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. In determining whether an update to the reserve study is needed more often than every 3 years, the Association shall consider the following:

- (1) Whether the Association added or replaced any significant common elements.
- (2) Whether the common elements sustained extreme wear and tear from harsh weather or lack of maintenance.
- (3) Whether local inflation for materials and labor has substantially increased.
- (4) Whether the Association has deferred any replacements or moved up replacements from the scheduled dates of replacement.
- (5) Whether reserve income and expenses have occurred as planned.
- (6) Whether there have been any new technological changes or improved product development that might result in a component change.

B. In determining whether a site visit is required in any given year in order to update the reserve study, the Association shall take into consideration the following:

- (1) Any special or extraordinary issues facing the community (such as an increase in roof leaks or other maintenance issues).
- (2) Increased deterioration in any components beyond normal wear and tear.
- (3) Economic changes that affect the replacement cost of any component.
- (4) Whether routine maintenance of the components has been kept up with.

**\*\*\*IF FUNDED BY REGULAR ASSESSMENTS OR LOANS\*\*\***

3. Funding of the Reserve Study. The reserve study will be funded through \_\_\_\_\_TBD\_\_\_\_\_. The reserve fund shall be **\*\*\*IF FULLY FUNDED\*\*\*** fully funded, meaning the Association's reserve fund shall maintain a balance at or near 100% as determined by the reserve study. **\*\*\*IF POSITIVE BALANCE\*\*\*** funded at a level such that the reserve fund shall at all times maintain a positive balance. **\*\*\*IF SET BALANCE\*\*\*** funded at a level such that the reserve fund balance shall always be at least \$ \_\_\_\_\_TBD\_\_\_\_\_.

**\*\*\*IF FUNDED BY SPECIAL ASSESSMENTS\*\*\***

3. Funding of the Reserve Fund. The reserve fund will be funded on an as-needed basis through the imposition of special assessments by the Association.

**PRESIDENT'S CERTIFICATION:** The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on June 14, 2017 and in witness thereof, the undersigned has subscribed his/her name.

**PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.**

By: Richard Roberts   
Its: President HOA Prides Crossing #4 Inc