

**RESOLUTION NO. 14**  
**OF THE**  
**MEADOW HILLS ESTATES HOMEOWNERS ASSOCIATION, INC.**  
**REGARDING**  
**RESERVE STUDY**

**SUBJECT:** Adoption of a reserve study policy.

**PURPOSE:** To adopt a policy regarding the need for a reserve study, funding of any work recommended by the reserve study and projected sources of funding, and whether the reserve study is based on a physical analysis and financial analysis.

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

**EFFECTIVE DATE:** November 5, 2020

**RESOLUTION:** The Association hereby adopts the following policy regarding reserves

1. The Association is obligated to maintain, repair, replace or improve certain improvements within the community.
2. The Association will conduct periodic reserve studies by either engaging a third party to perform a professional reserve study, or based on an internal examination of the items and improvements to be replaced from time to time, and a financial analysis of the requisite reserves as required by this policy.
3. Depending on available resources, the Association may either engage a third-party or may make in-house interim updates to a professional reserve study and may adjust the schedule for updating the reserve study. An update to a reserve study may result from an on-site review of the property or an off-site review of the reserve study and the Association's governing documents. The Board of Directors should consider the following factors when determining the schedule for interim updates to a reserve study:
  - a. Significant additions or replacements to the improvements since the last reserve study;
  - b. Wear and tear to improvements due to unseasonable weather or lack of maintenance;
  - c. Technological or product development improvements that could result in cost savings;
  - d. Substantial increases in cost of materials or labor;
  - e. Any scheduled maintenance, repairs, or replacements that the Association deferred or accelerated;
  - f. Whether reserve income was received as planned;
  - g. Whether reserve expenditures were incurred as planned; and
  - h. The Association's selected method of funding reserves.
4. The full reserve study will consist of a physical analysis and a financial analysis. Interim updates may consist of a physical analysis, a financial analysis, or both. A physical analysis includes an inventory of all improvements that the Association is responsible for maintaining, repairing, replacing or improving and a visual inspection of those items to determine their existing condition. A financial analysis includes an evaluation of the estimated remaining life of an item, the adequacy of existing reserve funds, projected future reserve income, projected future reserve needs, and the ability to meet future reserve needs under the existing funding plan.

5. The Association plans to update its reserve study every three to five years.
6. The Association does not allocate reserve funds for improvements costing less than \$1,000 to repair or replace, and the Association does not allocate reserve funds for an improvement with an estimated useful life that does not exceed five years.
7. The Board of Directors will endeavor to maintain the Association's reserve fund balance at or above 75% of the fully-funded amount by allocating a portion of regular annual assessments to the reserve fund. Should unforeseen circumstances result in the reserve fund balance falling below 75% of the fully-funded amount, the Board will endeavor to bring the fund balance back to 75% within three years by increasing the allocations from regular annual assessments, or by special assessments, or both.
8. The Association may elect to apply funds from its operating account to maintenance, repair or replacement costs otherwise covered by reserve funds.
9. The Association will invest all reserve funds in accordance with the Association's policy regarding investment of reserve funds. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
10. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.
11. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
12. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S  
CERTIFICATION

The undersigned, being the President of the Meadow Hills Estates Homeowners Association, Inc., a Colorado nonprofit corporation, 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 11/5/20 and in witness thereof, the undersigned has subscribed his name.

MEADOW HILLS ESTATES HOMEOWNERS  
ASSOCIATION, INC., a Colorado nonprofit corporation

By: Wm. J. Warkentin  
Its: President

Wm. J. Warkentin, MD