

## RESOLUTION

### EAGLERIDGE ESTATES HOMEOWNERS ASSOCIATION OF PUEBLO, INC. POLICY & PROCEDURES - RESERVE STUDY

The following policy & procedures have been adopted by Eagleridge Estates Homeowners Association of Pueblo, Inc. (hereinafter “Association”) pursuant to C.R.S. 38-33.3-209.5 (Responsible Governance Policies).

Purpose: To establish a policy & procedures addressing the need for a reserve study, methodology used in developing a reserve study & updates, form and content of the reserve study & updates, funding for any work recommended by the reserve study, and the investment of reserve funds. It is the Board’s desire to create and maintain adequate reserves to provide for the orderly maintenance, repair, replacement and improvement of the common areas so as to minimize the risk to the membership of special assessments, deferred maintenance, and unfunded losses.

**NOW, THEREFORE, IT IS RESOLVED** that the Association hereby adopts the following policy & procedures (hereinafter “Policy”) regarding the timing, methodology and funding of a reserve study, which shall remain in effect until otherwise rescinded, modified or amended by a majority of the Board of Directors.

1. Need for Reserve Study: The Association is obligated to maintain, repair, replace and/or improve certain improvements within the community.
2. Methodology Used in Developing Reserve Study & Updates: The Association will conduct periodic reserve studies based on an examination of the Association’s common areas and improvements, and a financial analysis of the requisite reserves as required by this Policy.

Depending on available financial & human resources, the Association may perform the initial reserve study and interim updates in-house or by hiring a qualified outside consultant. The Board of Directors may consider the following factors when determining the schedule for interim updates to the reserve study:

- a. Significant additions or replacements to the common elements since the last reserve study;
- b. Wear and tear to common elements 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.
3. Form & Content of the Reserve Study and Updates: The Association's reserve study shall show the required reserve funds for maintenance, repair, and replacement of capital improvements which are the Association's responsibility. The 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. 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.
  - b. 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.

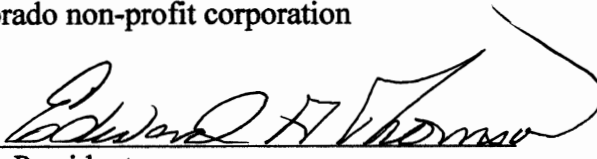
The Association shall plan for the:

- a. Timing and funding of the work to be accomplished out of the reserve funds.
  - b. Sources of funding the work. The funding sources for the reserve budget may include additional periodic assessments, borrowed funds, and planned special assessments.
  - c. Coordinating the timing of the work itself.
4. Funding Plan: The Association may elect to fund the reserve by any of the following separate or combined methods:
- a. Incorporating contributions to the reserve fund as part of the annual budgeting & assessment setting process.
  - b. Using excess funds from its operating account for maintenance, repair and/or replacement of reserve assets and otherwise funded with reserve funds.

5. Investment of Reserve Funds: The Association will invest all reserve funds in one or more accounts separate from the general operating account of the Association. The reserve funds shall be invested in conservative accounts with a small possibility of loss to the Association. The majority of the reserve funds shall be deposited in accounts and amounts that are fully insured against loss by an agency of the U.S. government.

Any and all persons who have access to the reserve funds shall have fidelity insurance covering the Association against dishonesty of such persons in the full amount of the funds in those accounts.

Eagleridge Estates Homeowners Association of Colorado, Inc.,  
a Colorado non-profit corporation

By:   
President

This Reserve Study Policy & Procedures was adopted by the Board of Directors on the 28<sup>th</sup> day of October, 2021, effective the 29<sup>th</sup> day of October, 2021, and is attested to by a Board Member of Eagleridge Estates Homeowners Association of Pueblo, Inc.

By:   
Vice President