

**RESOLUTION
OF THE
PAWNEE HILLS COMMUNITY ASSOCIATION
REGARDING THE RESERVE STUDY**

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 of Protective Covenants, Articles of Incorporation, and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: August 2019

RESOLUTION: The Association hereby adopts a Policy as follows:

1. Baseline Reserve Study. The Association conducted a baseline reserve study, which included both a physical analysis and a financial analysis as follows:

A. The physical analysis included:

- (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 included:

- (1) An analysis of the funds 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.

2. Update of the Reserve Study. The Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by a reserve study specialist at least every three (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 three (3) years, the Association shall consider the following:

- A. Whether the Association added or replaced any significant common element.
- B. Whether the common facilities sustained extreme wear and tear from harsh weather or lack of maintenance.
- C. Whether local inflation for materials and labor has substantially increased.
- D. Whether the Association has deferred any replacements or moved up replacements from the scheduled dates of replacement.
- E. Whether reserve income and expenses have occurred as planned.
- F. Whether there have been any new technological changes or improved product development that might result in a component change.

3. 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 and document 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 common facilities has been sufficient .

4. Funding of the Reserve Fund. The reserve fund will be funded through regular assessments levied by the Association. The reserve fund shall be funded at a level such that the reserve fund shall at all times maintain a positive balance.

5. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

6. Supplement to Law. The provisions of the 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.

7. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion, such deviation is reasonable under the circumstances.

8. Amendment. This policy may be amended by the Board of Directors at their discretion.

CERTIFICATION

The undersigned certify that the foregoing Resolution was adopted by the Directors of the Association, at a duly called and held meeting of the Board of Directors on August 27, 2019 and in witness thereof, the undersigned has subscribed his/her name.

PAWNEE HILLS COMMUNITY ASSOCIATION, INC.
A Colorado Non-profit corporation

Cynthia C. Cregger
President

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Vice President