

**SOUTHRIDGE CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURES RE: RESERVE STUDIES**

WHEREAS, a written policy for reserve studies is required by Colorado Revised Statutes § 38-33.3-209.5(1)(b)(IX).

NOW, THEREFORE, BE IT RESOLVED, that Southridge Condominiums Homeowners Association, Inc. (the "Association") hereby adopts the following procedures to be followed for preparation and use of Reserve Studies.

1. **Components of the Reserve Study:** The Association's Reserve Study shall incorporate both a physical and financial analysis to assess the strengths and weaknesses for governance of the Association.
 - a. **Physical Analysis:** Inventory and identify the useful life of each physical component which the Association is obligated to maintain. Assess the current physical condition of each component and estimate the remaining useful life and replacement cost of each.
 - b. **Financial Analysis:** Review the funds currently held in the Association's reserve fund and compare to the expected needs per the Physical Analysis component of the reserve study. Create a future funding plan to ensure the requirements of the reserve study are planned for.
2. **Baseline and Updated Reserve Studies:** Within 1 year of the adoption of this Policy, the Board will conduct, or arrange for a Baseline Reserve Study. The physical and financial analysis of the Reserve Study shall be evaluated in each subsequent year. Updates to the reserve study do not necessarily require a site visit, but in determining whether a site visit shall be conducted in a given year, the Board shall consider increases in deterioration of any components beyond normal wear and tear, special or extraordinary issues facing the community, economic changes affecting the cost to replace any component, and whether routine maintenance has been consistently performed.
3. **Funding Plan for Work Recommended by Reserve Study:** The reserve fund shall be funded through regular assessments, and when necessary special assessments levied by the Association. The reserve fund shall be funded at a level that it shall at all times maintain a positive balance, and shall target a surplus contingency amount which shall be set by the Board of Directors from time to time.

The fund shall be maintained at a sufficient level to ensure adequate funds are available to fund each cost anticipated by the Physical Analysis component of the Reserve Study.

4. Internally Conducted Reserve Study is Sufficient: At the sole discretion of the Association, a reserve study may be conducted internally.

5. Deviation: The Board of Directors may deviate from the procedures set forth in this Policy if the deviation is reasonable under the circumstances.

6. Amendment: The Association may amend this procedure from time to time, consistent with the requirements of the Association's governing documents and Procedures for the Adoption and Amendment of Policies, Procedures, and Rules.

DIRECTORS CERTIFICATION:

Adopted on: March 21, 2022


By: Josh Stella, President

By: _____, Secretary