

RESERVE STUDY POLICY FOR
PRSV HOMEOWNERS ASSOCIATION, INC.

Adopted: NOVEMBER 15, 2012

Pursuant to Section 38-33.3-209.5 of the Colorado Common Interest Ownership Act ("CCIOA"), The PRSV Homeowner Association, Inc. (hereinafter the "Association") is required to adopt policies, procedures and rules and regulations concerning the preparation of reserve studies. This Reserve Study Policy ("Policy"), together with the terms of the Sub association Declaration for The PRSV Homeowner Association, Inc. ("Declaration") and the Bylaws of the Association, is intended to comply with such requirement.

1. Reserve Study. The Board of Directors ("Board") shall conduct a reserve study at such times as in its sole discretion it determines is necessary but at least every **five** years to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association Maintenance Areas. The Board shall cause the reserve study to be conducted by a third party reserve study professional, who has a good reputation, sound credentials and appropriate levels of insurance, for the services that are provided to the Association. The reserve study shall be based on physical analysis and financial analysis. The reserve study shall be reviewed at least annually to determine if reserves are sufficient. The Board shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.
2. Fund Designation. Reserve funds for the Association Maintenance Areas shall be maintained in a Reserve Fund and shall be used for major capital repairs, replacements, maintenance, restoration and improvements.
3. Funding Plan and Sources. The Reserve Fund shall be funded primarily from Common Assessments and the generation of investment income from the Reserve Fund in accordance with such funding plans as are established by the Board.
4. Reserve Fund Investments. The Reserve Fund assets will be invested in accordance with the Association's Policy for Investment of Reserve Funds.
5. Definitions. Unless otherwise defined in this Policy, capitalized terms or terms defined in the Declaration shall have the same meaning herein as set forth in the Declaration.
6. Supplement. The provisions of this Policy shall be in addition to and shall supplement the terms and provisions of the Declaration, the Bylaws, and the laws for the State of Colorado governing the Association.
7. Deviations. The Board may deviate from the procedures set forth in this Policy if, in its sole discretion, such deviation is necessary under the circumstances.

8. Amendment. The Board may amend this Policy from time to time.

Adopted by the Board of Directors of The Preserves Homeowners Association, Inc. this
15th day of November.

THE PRSV HOMEOWNERS ASSOCIATION, INC.

By: Lauri Blanchard, President

ATTEST:

By: Jayne Bergely, Secretary