

SOMERSET ESTATES HOMEOWNERS ASSOCIATION, INC.

RESERVE STUDY POLICY

Adopted June 11, 2019

The following policy has been adopted by Somerset Estates Homeowners Association, Inc. ("Association") pursuant to the Colorado Common Interest Ownership Act ("Act"), including C.R.S. 38-33.3-209.5, as amended, at a regular meeting of the Executive Board ("Board").

Purpose: To establish the procedures to address when a reserve study is prepared for the portions of the community maintained, repaired, replaced, and improved by the Association; whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve study is based on a physical analysis and financial analysis.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Reserve Study Policy:

1. Reserve Study. The Association will conduct a reserve study at such times as in the Board's sole discretion it determines is necessary, but generally every five years, to determine the necessity and amount of reserves required to maintain, repair, replace, and restore the Association common areas and any other areas maintained by the Association. At the Board's discretion, the reserve study may be conducted internally or prepared externally, based upon the community's needs. The individual(s) conducting an internal reserve study will be appointed by the Board and may or may not have professional experience in conducting such a study. If an external study is to be completed, the Board will proceed with its normal bidding process and award a contract for such services based upon its analysis and consideration.

2. Funding Plan. The Board will determine the appropriate funding for the items identified in the reserve study, including the timing of such funding. The Association will follow the adopted Reserve Fund Investment Policy for any funds held in reserve. The reserve study shall be reviewed as appropriate as part of the annual budget process to determine if reserve funds are sufficient. The board shall, in its sole discretion, have the authority to make any adjustments deemed necessary to maintain reserves.

3. Sources of Funding. Funding sources may include annual assessments, special assessments, and loans as approved based upon the requirements of the Association's governing documents.

4. Type of Analysis. The Board will determine whether the study is to be based on a physical analysis and/or a financial analysis at the Board's discretion, but will generally be based on both a physical analysis and financial analysis.

5. Miscellaneous. Failure by the Association to enforce any provision of this policy shall in no event be deemed to be a waiver of the right to do so thereafter.

6. Severability. If a provision of this policy is or becomes illegal, invalid or unenforceable, that shall not affect the validity or enforceability of any other provisions of this policy.

Somerset Estates Homeowners Association, Inc.

By: 

Marc Arnold, President

This Reserve Study Policy was adopted by the Executive Board on the 11th day of June, 2019, effective the 11th day of June, 2019 and is attested to by the Secretary of the Somerset Estates Homeowners Association, Inc.

By: 

Paula Hemenway, Secretary