

**RESOLUTION OF  
DEER CREEK AT NORTHGATE HOMEOWNER'S ASSOCIATION, INC.  
REGARDING POLICY AND PROCEDURE FOR CAPITAL IMPROVEMENTS**

**SUBJECT:** Policies and procedures regarding expenditures for community capital improvements.

**PURPOSE:** Provide residents better oversight over reserve expenditures and simplify budget planning.

**AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE DATE:** 2/7/2018

**RESOLUTION:** The Association hereby adopts the following policies and procedures, contained herein.

**PRESIDENT'S CERTIFICATION:** The undersigned, being the President of Deer Creek at Northgate Homeowners Association, a Colorado nonprofit corporation, certifies that the following Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on 2/7/2018, and in witness thereof the undersigned has subscribed his/her name.

DEER CREEK AT NORTHGATE HOMEOWNER'S ASSOCIATION, INC.

A Colorado nonprofit corporation

By:   
President

## POLICY AND PROCEDURE FOR CAPITAL IMPROVEMENTS

1. Policy. The Board of Directors shall approve no expenditures for Capital Improvements except those authorized in the Deer Creek Strategic Plan.
2. Definition of Capital Improvements. A Capital Improvement means the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increases its useful life or adapts it to a new use.
3. Exception. Capital Improvements or capital expenditures does not include expenses incurred or necessary for ordinary or routine operation, maintenance, repair, or improvement of the Common Elements or other property owned or maintained by the Association, as determined in sole discretion of the Board.
4. Procedure.
  - a. Future Capital Improvements approved and adopted by the Board of Directors shall be documented and noted in the Deer Creek Strategic Plan.
  - b. Changes to the Deer Creek Strategic Plan must be approved by Deer Creek Members at the Association's annual Members meeting or at a special Member meeting, in accordance with the Association's Bylaws. A two-thirds assembled majority may vote to reject a proposed capital improvement.
  - c. Capital Improvements identified in the Deer Creek Strategic Plan and approved by the Members may be budgeted in the identified fiscal year from available operational and reserve funds. Once approved, the actual costs should not exceed 10 percent of the original estimate, unless otherwise provided by the Association's budget ratified by the Members or in accordance with a Special Assessment levied pursuant to Section 10.1 of the Declaration.
  - d. In accordance with Section 10.1, Paragraphs D and E of the Declaration, Special Assessments for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a Capital Improvement must be approved by the vote of at least 67% of the Lot Owners voting in person or by proxy at a meeting duly called for that purpose.
5. Enactment. This policy will become effective upon adoption by the Board of Directors and ratification by residents at the annual HOA meeting.
6. Capitalized Terms. Unless specifically defined herein, initially capitalized terms have the definition ascribed to the term in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Deer Creek at Northgate (the "Declaration").