

LA RIVA DEL LAGO CONDOMINIUM ASSOCIATION
POLICY REGARDING RESERVES

Adopted _____, 2016

The following policy has been adopted by La Riva Del Lago Condominium Association (“Association”) pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Executive Board.

Purpose: To adopt a policy addressing the need for a reserve study, funding of any work recommended by the reserve study and projected sources of funding, and whether the reserve study is based on a physical analysis and financial analysis. It is the Board’s desire to create and maintain adequate reserves to provide for the orderly maintenance, repair, replacement and improvement of the common elements so as to minimize the risk to the membership of special assessments, deferred maintenance, or unfunded losses.

NOW, THEREFORE, IT IS RESOLVED that the Executive Board does hereby adopt the following policy regarding reserves:

Need for Reserve Study

1. The Association is obligated to maintain, repair, replace or improve certain improvements within the community.

Reserve Study

2. The Association will conduct periodic, internally prepared reserve studies.
3. Subject to Board approval, the Association intends to conduct internally prepared updates to the reserve studies and may adjust the schedule for updating the reserve study. An update to a reserve study may result from an on-site review of the property or an off-site review of the reserve study and the Association’s governing documents. The Executive Board should consider the following factors when determining the schedule for interim updates to a reserve study:
 - (a) Significant additions or replacements to the common elements since the last reserve study;
 - (b) Wear and tear to common elements due to unseasonable weather or lack of maintenance;
 - (c) Technological or product development improvements that could result in cost savings;
 - (d) Substantial increases in cost of materials or labor;
 - (e) Any scheduled maintenance, repairs, or replacements that the Association deferred or accelerated;
 - (f) Whether reserve income was received as planned;
 - (g) Whether reserve expenditures were incurred as planned;
 - (h) The Association’s selected method of funding reserves.
4. The full reserve study will consist of a physical analysis and a financial analysis. Interim updates may consist of a physical analysis, a financial analysis, or both. A physical analysis

includes an inventory of all improvements that the Association is responsible for maintaining, repairing, replacing or improving and a visual inspection of those items to determine their existing condition. A financial analysis includes an evaluation of the estimated remaining life of an item, the adequacy of existing reserve funds, projected future reserve income, projected future reserve needs, and the ability to meet future reserve needs under the existing funding plan.

5. The the Board will examine the need for updates every year at the Association's annual meeting.

Funding Plan

6. The Association does not allocate reserve funds for improvements costing less than \$1,000 to repair or replace, and the Association does not allocate reserve funds for an improvement with an estimated useful life that does not exceed five years.

7. The Executive Board will endeavor to maintain the Association's reserve fund balance at or above 75% of the fully-funded amount by allocating a portion of regular annual assessments to the reserve fund. Should unforeseen circumstances result in the reserve fund balance falling below 75% of the fully-funded amount, the Board will endeavor to bring the fund balance back to 75% within three years by increasing the allocations from regular annual assessments, or by special assessments, or both.

8. The Association may elect to apply funds from its operating account to maintenance, repair or replacement costs otherwise covered by reserve funds.

9. The Association will invest all reserve funds in accordance with the Association's policy regarding investment of reserve funds.

La Riva Del Lago Condominium
Association

By: _____
Title

This Policy Regarding Reserves was adopted by the Executive Board on the _____ day of _____, 2016, and is attested to by the Secretary of La Riva Del Lago Condominium Association.

Secretary