

**RESOLUTION  
OF THE  
RIDGEWOOD HILLS MASTER ASSOCIATION  
REGARDING RESERVE STUDY POLICY**

**SUBJECT:** Adoption of a policy related to the Association's preparation of a reserve study, whether there is a funding plan for the work recommended by the reserve study, and whether the reserve study will be based on a physical analysis and a financial analysis.

**PURPOSES:** To provide for the creation and review of a reserve study and for the funding of the work recommended by the reserve study.

**AUTHORITY:** Master Declaration of Covenants for Ridgewood Hills P.U.D. ("Declaration"), Articles of Incorporation, and Bylaws of the Association and Colorado law.

**EFFECTIVE  
DATE:**

*Jan 1, 2010*

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Reserve Study. In 2009, the Association had a reserve study prepared by a reserve study specialist. The reserve study includes both a physical analysis and a financial analysis as follows:

A. The physical analysis includes:

- (1) A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.
- (2) A condition assessment of each component on the component inventory by on-site inspection.
- (3) Estimates of the remaining useful life and replacement costs of each component.

B. The financial analysis includes:

- (1) An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.

- (2) A future funding plan to meet the requirements of the reserve study.

2. Update of the Reserve Study.

A. The Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by a reserve study specialist at least every three (3) years to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. In determining whether an update to the reserve study is needed more often than every three (3) years, the Association shall consider the following:

- (1) Whether the Association added or replaced any significant Common Elements or other property within the scope of the Reserve Study.
- (2) Whether the Common Elements sustained extreme wear and tear from harsh weather or lack of maintenance.
- (3) Whether local inflation for materials and labor has substantially increased.
- (4) Whether the Association has deferred any replacements or moved up replacements from the scheduled dates of replacement.
- (5) Whether reserve income and expenses have occurred as planned.
- (6) Whether there have been any new technological changes or improved product development that might result in a component change.

B. In determining whether a site visit is required in any given year in order to update the reserve study, the Association shall take into consideration the following:

- (1) Any special or extraordinary issues facing the community.
- (2) Increased deterioration in any components beyond normal wear and tear.
- (3) Economic changes that affect the replacement cost of any component.

(4) Whether the Association has kept up with routine maintenance of the components.

3. Funding of the Reserve Study. Pursuant to Article 6, Section 6.1 of the Declaration, the reserve study will be funded through regular Common Expense assessments levied by the Association, which are notated as a line item in the Operating Fund Budget. The Association shall endeavor to keep the reserve fund fully funded, meaning the Association's reserve fund shall maintain a balance at or near 100% as determined by the reserve study.

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of the Ridgewood Hills Master Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on 10-27-09 and in witness thereof, the undersigned has subscribed his/her name.

**RIDGEWOOD HILLS MASTER ASSOCIATION,**  
A Colorado nonprofit corporation

By: Mike A. Farrell  
President