

## **POLICY OF CREEKSIDE I HOMEOWNERS' ASSOCIATION REGARDING THE RESERVE FUND**

**SUBJECT:** A policy and procedure regarding funding and disbursement reserve funds.

**PURPOSE:** The formalization, funding, and spending rules for the Creekside I Homeowners' Association reserve fund

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

**EFFECTIVE DATE:** January 5, 2024

**RESOLUTION:** The Association hereby adopts the following policy and procedure supplanting the original adopted August 7, 2022:

1. Responsibilities of the Board of Directors. Whereas it is the responsibility of the Board of Directors to assess the condition of assets owned and maintained by the Association and to manage the repair and maintenance of same, it is additionally the responsibility of the Board to create and maintain adequate reserve funds to provide for the orderly repair and replacement of common areas for the purposes of minimizing deferred maintenance and unfunded losses.

In accordance with POLICY OF CREEKSIDE I HOMEOWNERS' ASSOCIATION REGARDING RESERVE STUDY POLICY, a policy enacted September 15, 2021, the Board will commission a reserve study at a future date.

2. Interim Reserve Fund Policy. To maintain adequate reserve funds, the Board has identified a preliminary RESERVE FUND target of \$75,000 (FULLY-FUNDED BALANCE) to cover both the potential cost of full replacement of HOA maintained property and to provide for legal fees in excess of those in the annual budget. Consistent with standard industry practice, the Board recommends maintaining the RESERVE FUND at or above 70% of the FULLY-FUNDED BALANCE (i.e., \$52,500). It is the conclusion of the Board that maintaining this level of reserve funding reasonably protects Owners from the risk of deferred maintenance and special assessment.

Where the RESERVE FUND balance falls below 70% of the FULLY-FUNDED BALANCE, the Board is required to identify and implement steps to be taken to return the RESERVE FUND balance to 70% of the FULLY-FUNDED BALANCE within a period of not more than five (5) years.

The RESERVE FUND target may be adjusted pending the results of the reserve study to be commissioned at a future date.

3. Immediate Actions. To maintain adequate reserve funds and decrease the risk of special assessment the Board hereby adopts a policy that a RESERVE FUND contribution of not less than \$19,500 shall be made in 2023. Contributions in

subsequent years will be adjusted as needed to account for inflationary factors to ensure that an adequate RESERVE FUND balance is maintained.

Further, this policy hereby authorizes expenditures from the RESERVE FUND for projects or purchases approved in the annual budget, the costs associated with the reserve study, and urgent repairs/replacements not exceeding \$1000. Expenditures from the RESERVE FUND require approval by the Board.

This policy will be reviewed annually and as deemed necessary by the Board and updated accordingly.

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of the Association, certifies the foregoing Policy was adopted by the Board of Directors of the Association, with a duly called and held vote of the Board on January 5, 2024, and in witness thereof, the undersigned as subscribed his/her name.

**CREEKSIDE I HOMEOWNERS' ASSOCIATION, a**  
Colorado nonprofit corporation

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President

A handwritten signature in black ink, appearing to read "Fredrick H. West", is written over a horizontal line.