

**SECOND JEFFERSON GREEN HOMEOWNERS ASSOCIATION
POLICY REGARDING RESERVES**

Adopted October 14, 2019

The following policy has been adopted by Second Jefferson Green Homeowners Association ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

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 Board of Directors 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 may conduct periodic reserve studies based on recommendations obtained from an independent, qualified reserve study professional, or based on an internal examination of the common areas and improvements and a financial analysis of the requisite reserves as required by this policy.
3. Depending on available resources, the Association may either engage a third-party or may make in-house interim updates to a professional reserve study 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 Board of Directors 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 last reserve study prepared for the Association was completed on June 25, 2019.
6. As of the date of this policy, the Association plans to update its reserve study every five (5) years.

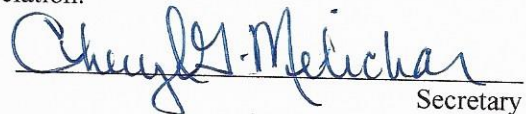
Funding Plan

7. The Association's funding plan for work recommended by its reserve study contemplates consistent reserve fund contributions from the Association's regular annual assessments. If necessary, the Association may impose special assessments or obtain other financing as permitted by the Declaration, but it is the Association's goal to fund its reserves with allocations from the regular annual assessments. To protect the community from unfunded losses and maintain a healthy reserve fund balance, the Association will endeavor to contribute at least 10% of its annual revenues to the reserve fund, or such higher or lower amount as may be necessary to ensure the reserve fund is properly funded.
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.

Second Jefferson Green Homeowners
Association

By:  _____
President

This Policy Regarding Reserves was adopted by the Board of Directors on the 14th day of October, 2019, effective the 14th day of October, 2019, and is attested to by the Secretary of Second Jefferson Green Homeowners Association.

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Secretary