

**901 EAST HARMONY CONDOMINIUMS ASSOCIATION  
RESERVE POLICY**

Effective: *December 1, 2014*

**1. Introduction.**

The Board of Directors ("Board") of 901 East Harmony Condominiums Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions for 901 East Harmony Condominiums ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act, as amended ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

**2. Policy Purposes.** The purposes of this Policy are to:

2.1 Provide, through a reserve study, a tool for the Association to identify components of the community that the Association is responsible to maintain, repair and replace, to determine the useful life of those components, to establish a maintenance, repair and replacement schedule for those components, and to establish a plan for funding such maintenance, repair and replacement.

2.2 Manage the investment of the Association's reserve funds ("Reserve Funds") in a prudent manner to preserve them for their intended uses, structure the maturities of Reserve Fund investments so that the Association will have liquid assets available for its anticipated needs, and realize appropriate returns on the Association's Reserve Fund investments.

**3. Reserve Study.**

The Association shall have a reserve study prepared and periodically updated (any reserve study, together with any updates, being collectively referred to in this Policy as the "Reserve Study") for those components of the community maintained, repaired and replaced by the Association. The Reserve Study shall be prepared at least once during each three to five year period (with the first three to five year period commencing January 1, 2015), or more frequently if determined necessary by the Board in its sole discretion. The Reserve Study may be prepared by the Association, its managing agent or by a qualified outside consultant. The Reserve Study shall be based on both a physical analysis and a financial analysis of the components for which the Association has maintenance, repair and replacement responsibility.

**4. Funding Plan for Work Recommended by Reserve Study.**

The Board shall adopt a plan for funding any work recommended by the Reserve Study, which plan shall be updated from time to time as deemed necessary by the Board in its sole discretion (the funding plan, together with any updates, being collectively referred to in this

sufficient liquidity from time to time to meet the Association's maintenance, repair and replacement schedule.

5.5 Investment Advisor. The Board may retain a professional investment advisor to assist in investing its Reserve Funds pursuant to this Policy.

5.6 Control and Review of Investments. All Reserve Funds will be held in accounts titled in the name of the Association. Any withdrawal or transfer of Reserve Funds requires the signatures of at least two Association officers or directors. The Board will review the periodic account statements sent to the Association for the Reserve Funds at the next Board meeting following the Association's receipt of the statements. Based on this review, the Board may make any adjustments to the investments as necessary to maintain competitive yields.

5.7 Standards of Conduct. In making decisions regarding the investment of Association Reserve Funds, the officers and directors shall act in good faith, with the care that ordinarily prudent persons in a like position would exercise under similar circumstances, and in a manner the officers or directors reasonably believe to be in the best interests of the Association, pursuant to the Colorado Revised Nonprofit Corporation Act.

6. Variances.

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

7. Amendment.


This Policy may be amended from time to time by the Board.

**CERTIFICATION**

The undersigned, being the duly elected and acting Secretary of the 901 East Harmony Condominiums Association, a Colorado nonprofit corporation ("Association") certifies that the foregoing Reserve Policy was approved by the vote of A majority of the Association's Directors at a meeting of the Association's Board of Directors held on November 17, 2014.

901 East Harmony Condominiums Association, a  
Colorado nonprofit corporation

By: \_\_\_\_\_

  
Secretary