

**RESOLUTION OF
THE OAKDALE PLACE HOMEOWNERS ASSOCIATION
REGARDING POLICIES AND PROCEDURES FOR
DETERMINING AND MAINTAINING CAPITAL RESERVES**

SUBJECT: Adoption of policies and procedures for the determination and maintenance of prudent levels of capital reserves.

PURPOSE: To adopt policies and procedures regarding the establishment of capital reserves for the Association. To adopt standard procedures for assessing the adequacy of capital reserves and assessment of Unit Owners to fund same.

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

**EFFECTIVE
DATE:**

April 9, 2014

RESOLUTION: Whereas the Association is required by law to establish and maintain a capital replacement reserve account in amounts that will be sufficient to address major expenses incurred from time to time for repair and replacement of its limited and common elements and any of its facilities, the Association hereby adopts the following policy and procedure:

1. Capital Reserve Studies and Reports

a. The Board addresses the Association's replacement reserve responsibilities on an annual basis by preparing the annual budget and reviewing current and future capital repair and replacement needs. This review is based upon the results of capital reserve studies that are conducted for the Association either by an outside engineering or architectural firm or internally by members of the Board, from time to time, in the Board's discretion. The Board also considers reports and other information concerning these issues as gathered and presented by outside experts. Based upon repair and replacement needs as perceived by the Board and as revealed by these studies and reports, the Board determines the extent and cost of the necessary repairs and replacements and then takes appropriate steps to implement the necessary work.

b. The selection of a firm to prepare the capital reserve study is made by the Board if it determines in its discretion that such study may not be adequately completed on an internal basis. In making this selection, the Board shall be guided by the experience of the firm in this particular area of expertise as well as by competitive pricing for the services to be performed.

c. Copies of each capital reserve study as well as copies of all reports relating to capital repair and replacement issues are distributed promptly to each Board member. The Board has complete discretion to require such further reports or information as may be deemed necessary or appropriate before taking any action with regard to a proposed capital repair or replacement project.

d. Each capital reserve study or report performed for the Association shall be consistent with and adhere to the best practices standards for such reports as enunciated by the Community Associations Institute from time to time, unless the Board determines otherwise. Each study or report shall also comply with the relevant requirements enunciated in Colorado law.

2. Establishing and Maintaining the Reserve Account

a. The Board has authorized the Association's accounting firm to establish a general repair and replacement reserve account for Association structures and systems that are not specifically allocated to a separate Unit. The aggregate amount in this repair and replacement reserve account reflects the total repair and replacement reserves available at any given time. This amount is reflected in the Association financial statements, both as an aggregate amount and in the various amounts reflected in each component repair and replacement reserve account.

b. All of the repair and replacement reserve funds are maintained in one or more separate deposit or savings accounts at a commercial bank selected by the Association accounting firm and approved by the Board. At the present time, all sums in the reserve accounts are maintained in money market savings accounts or other interest bearing accounts that provide the highest available interest rate offered by the depository bank on such accounts. The goal of the Board is to preserve these funds in a manner that will ensure availability but also provide a money market rate of return. If appropriate, the Board will also determine whether such funds should be deposited in money market funds offered in connection with major securities firm brokerage accounts, bank certificates of deposit or U.S. treasury securities with maturities of one year or less.

c. The status of the reserve account funds will at all times be reflected in the Association's current financial statements. Owners are entitled to review the Association's current financial statements upon request. The Board is also authorized, upon the request of any owner, to provide additional information to owners concerning the amount and current yield on all reserve account funds of the Association.

d. Board approval is required before the expenditure of funds from the reserve accounts. If the Board authorizes an expenditure from the reserve account, this fact shall be reflected in the minutes for the next regular Board meeting.

3. Reserve Fund Levels

It is the goal of the Association to have sufficient capital replacement reserve funds or borrowing capacity available at all times to meet current repair and replacement needs of the Association. The Board will determine the appropriate level of the capital replacement reserve accounts from time to time based upon the current capital reserve study and any related reports or information. Whenever the Board determines that the level of a capital replacement reserve account is inadequate, the Board will take appropriate steps or action to cure the deficiency within a reasonable time. In doing so, the Board

is authorized and empowered to engage in all of the funding techniques and mechanisms described below.

4. Funding Mechanisms

a. Under the Association's Declaration, a portion of all annual assessments for common expenses collected by the Association is required to be allocated to the capital repair and replacement reserve accounts. The Board oversees this annual process and determines the total amount of each annual contribution to the overall replacement reserve accounts.

b. To the extent the Association is empowered under its Declaration to levy special assessments from time to time to pay unbudgeted costs of reconstruction, repair, replacement, renovation and maintenance of the common elements and the facilities, the Board may do so. While the Board anticipates that the reserve accounts will ordinarily be funded by annual allocations of regular assessment revenues, the Board is mindful that it has authority to levy special assessments from time to time in order to supplement the reserve accounts and provide for needed replacement and repair expenses. This will be done whenever the Board deems that the current operational or capital obligations of the Association require an injection of funds that are not otherwise readily available. The amount of any special assessment is entirely discretionary with the board.

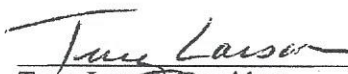
c. The Board is also authorized to cause the Association to borrow funds from time to time or obtain other financial accommodation in order to provide for immediate operational expenses as well as long term capital replacement and repair expenses. The Association is empowered under the law to pledge its assessment revenue stream as well as other property to collateralize any borrowings.

**PRESIDENT'S
CERTIFICATION:**

The undersigned, being the President of The Oakdale Place Homeowners Association, a Colorado nonprofit corporation, 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 this Monday of April, 2014 and in witness thereof, the undersigned has subscribed his/her name.

THE OAKDALE PLACE HOMEOWNERS' ASSOCIATION, a Colorado nonprofit corporation

By:


Terry Larson, President