

BOARD POLICY AND PROCEDURE
REGARDING PREPARATION OF RESERVE STUDY

Resolved and Adopted April 14, 2010

Amended _____

The following resolution has been adopted by the Board of Directors ("Board") of The Park East Subdivision Homeowners Association ("Association") pursuant to Colorado statutes, at a meeting of the Board to establish a policy for Preparation of a Reserve Study.

The Board shall conduct a reserve study at such times as in its sole discretion it determines it necessary, but at least every five years, to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association's commonly owned elements. The Board may cause the reserve study to be conducted by a third party reserve study professional with prior experience, sound credentials and appropriate insurance to address the Association's needs.

The reserve study shall be based on a physical analysis and a financial analysis, include projected sources of funding for the reserve, and be reviewed by the Board annually prior to budget preparation to determine if reserves are sufficient. The Board shall have the authority to and shall make any adjustments deemed necessary to maintain reserves.

Reserve funds for the Association commonly owned elements shall be maintained in a Reserve Fund and shall be used for major capital repairs, replacements, maintenance, restoration and improvements.

The Reserve Fund may be funded from common or special assessments, interest or investment income from the association's accounts, grants, loans, or such other sources as may be or become available, and in accordance with such funding plans as are established by the Board. All such reserve funds collected or generated will be invested in accordance with the Association's Policy for Investment of Reserve Funds.

The provisions of this Policy shall be in addition to and shall supplement the terms and provisions of the Declaration, Bylaws, and the laws of the State of Colorado governing the Association.

The Board may amend this Policy from time to time.

PRESIDENT'S CERTIFICATION: The undersigned, being the Secretary of The Park East Subdivision Homeowners Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on April 14, 2010 and in witness thereof, the undersigned has subscribed his/her name.

THE PARK EAST SUBDIVISION HOMEOWNERS ASSOCIATION, a Colorado non-profit corporation

By: Paul Turley, Owner lot 7

_____, Secretary