

**RESOLUTION
OF THE
RIDGE CREST HOMEOWNERS ASSOCIATION, INC.
REGARDING RESERVE STUDY POLICY**

SUBJECT: Adoption of a policy related to the Association's preparation of a reserve study, whether there is a funding plan for the work recommended by the reserve study, and whether the reserve study will be based on a physical analysis and a financial analysis.

PURPOSES: To provide for the review of a reserve study and for the funding of the work recommended by the reserve study.

AUTHORITY: The Declaration of Covenants, Conditions and Restrictions of Ridge Crest ("Declaration"), Articles of Incorporation, and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:**

10/5/09

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Reserve Study. The Association is required to maintain an adequate reserve fund for the maintenance, repair, and replacement of those items that must be maintained, repaired and replaced on a periodic basis, per Article IV, Section 4 of the Declaration. In furtherance of this requirement, the Association conducted a reserve study, which includes both a physical analysis and a financial analysis as follows:

A. The physical analysis includes:

- (1) A component inventory identifying those portions of the community the Association is obligated to maintain, repair and replace on a periodic basis, including the useful life of each component.
- (2) A condition assessment of each component on the component inventory by on-site inspection.
- (3) Estimates of the remaining useful life and replacement costs of each component.

B. The financial analysis includes:

(1) An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.

(2) A future funding plan to meet the requirements of the study.

2. Update of the Reserve Study. The initial reserve study provided above was conducted in 2008. At least every three years following the establishment of the initial reserve study, the Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by a reserve study specialist to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. The update may be done either with or without a site visit. In determining whether a site visit is required in any given year in order to update the reserve study, the Association shall take into consideration the following:

A. Any special or extraordinary issues facing the community.

B. Increased deterioration in any components beyond normal wear and tear.

C. Economic changes that affect the replacement cost of any component.

D. Whether routine maintenance of the components has been kept up with.

3. Funding of the Reserve Study. The reserve study will be funded through regular assessments levied by the Association. The Association shall keep the reserve fund fully funded, meaning the Association's reserve fund shall be maintained at a balance at or near 100% as determined by the reserve study.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Ridge Crest Homeowners Association, Inc., certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held Board meeting on October 5, 2009 and in witness thereof, the undersigned has subscribed his/her name.

RIDGE CREST HOMEOWNERS ASSOCIATION, INC.

By: Wendy Lee Osborn
President