

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.

RESERVE STUDY POLICY

The Highlands at Vallejo Homeowner's Association, Inc. (the "Association") adopts the Reserve Study Policy to read as follows:

It is the policy of Highlands at Vallejo Homeowner's Association, Inc. to conduct a reserve study for portions of the community maintained, repaired, replaced and improved by the Association in the following manner:

- The association will conduct internally, or request preparation externally, at the Board's discretion, a reserve study at least every three (3) years based upon the community's needs;
- The individual or individuals conducting the internal reserve study will be appointed by the Board and may or may not have professional experience in conducting such a study. If an external study is to be completed, the Board will proceed with its normal bidding process and award a contract for such services based upon their analysis and consideration;
- The Board will determine whether the study is to be based on a physical analysis and/or a financial analysis at the Board's discretion;
- The reserve study will indicate whether there is a funding plan and if so, the Association will follow the adopted Investment Policy of the Association; and
- Sources of funding will generally consist of maintenance fees. In the event of an urgent and/or unforeseen under funded reserve expenditure, the Board may consider a special assessment or obtaining a loan as approved based upon the requirements of the Association's governing documents.

RESOLUTION OF THE BOARD OF DIRECTORS OF HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.

Pursuant to the requirements of CCIOA, the Board for the Highlands at Vallejo Homeowner's Association, Inc. hereby adopts the foregoing policy. This policy supersedes all previous reserve study policies dated prior to this policy and is subject to change after Board approval.

The provisions of this resolution shall be in addition to and in supplement of the terms and provisions of the Association's governing documents and the laws of the State of Colorado governing the Association.

BE IT RESOLVED, that the Association approves the "Reserve Study Policy,"

effective July 18, 2016.

Jane C. Herg

President

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.