

**POLICY FOR RESERVE STUDY FOR PORTIONS OF THE COMMON  
INTEREST COMMUNITY MAINTAINED, REPAIRED, REPLACED AND  
IMPROVED BY THE ASSOCIATION**

**Effective: May 2, 2023**

1. **Introduction.** The Board of Directors (the Executive Board) of Redstone Canyon Association (RCA), a Colorado corporation (the "Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions for RCA (a Common Interest Community), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms used in this Policy 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 Purpose.** The purpose of this Policy is to set forth procedures to:
    - (a) Identify improvements within the Common Interest Community that must be maintained, repaired or replaced by the Association on a periodic basis.
    - (b) Identify uninsured improvements within the Common Interest Community that are subject to loss due to a catastrophic event and require repair or replacement by the Association to restore the loss.
    - (c) Determine the estimated costs that may be incurred in the future by the Association in maintaining, repairing or replacing such improvements and determine a reasonable rate of occurrence for loss to such uninsured improvements due to catastrophic events.
    - (d) Determine an appropriate amount of funding to be set aside for unexpected legal fees not covered in the annual budgeting process.
    - (e) Establish an amount to be included within the annual assessment
-

---

to be deposited in a reserve fund to pay the cost of the maintenance, repair and replacement of such improvements and legal counsel at the time such maintenance, repair and replacement and legal counsel is reasonably expected to be necessary.

- (f) Establish appropriate reserve funding minimum and maximum target levels to be maintained by the Association to accommodate the improvements and legal counsel needs as previously described and to determine when the reserve funding contribution rate should be lowered or raised to maintain a proper funding level.

- 3. Policy for Reserve Study. Initially, the Board shall determine the improvements that must be maintained, repaired, replaced and improved by the Association on a periodic basis. Periodically, but no less frequently than every five (5) years, the Association shall prepare a reserve report and, at the discretion of the BOD, may retain a consultant qualified to determine the maintenance, repair and replacement of the improvements that will be necessary, the estimated cost of such work and the estimate date when such work will be required. After review and consideration of the report, the Association shall establish an amount to be included within the annual assessment for such costs and expenses and, upon collecting such amount, shall deposit the funds into a reserve account to be used for the purpose of paying the cost of maintaining, repairing and replacing such improvements and providing for legal counsel as and when necessary.

### **CERTIFICATION**

The undersigned, being the duly elected and acting Secretary of Redstone Canyon Association (the "Association") certifies that the foregoing Policy for Reserve Study for Portions of the Common Interest Community was approved by the vote of at least a majority of the Association's Executive Board at a meeting of the Redstone Canyon Association Board of Directors (the Association's Executive Board) held on May 2, 2023.

By: Ali Griedu  
Secretary

Date 05/02, 2023

---