

**AMENDMENT TO THE RESOLUTION
OF THE
VENTANA OF PUEBLO HOMEOWNERS ASSOCIATION, INC.
REGARDING RESERVES**

The following procedures have been adopted by VENTANA OF PUEBLO HOMEOWNERS ASSOCIATION, INC. (the "Association") pursuant to the provisions of C.R.S. 38-33.3-209.5 by the Board of Directors.

Purpose: To adopt a policy addressing the need for a reserve study, funding of any work recommended by the reserve study and projected sources of funding, and whether the reserve study is based on a physical analysis and financial analysis. It is the Board's desire to create and maintain adequate reserves to provide for the orderly maintenance, repair, replacement and improvement of the common areas so as to minimize the risk to the membership of special assessments, deferred maintenance, or unfunded losses.

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors does hereby adopt the following policy regarding reserves.

NEED FOR RESERVE STUDY

1. The Association is obligated to maintain, repair, replace or improve certain improvements within the community.

RESERVE STUDY

1. The Association will conduct periodic reserve studies based on an examination of the common areas and improvements and a financial analysis of the requisite reserves as required by this policy.
2. Depending on available resources, the Association may make in-house interim updates to its periodic reserve study and may adjust the schedule for updating the reserve study. An update to a reserve study may result from an on-site review of the property. The Board of Directors may consider the following factors when determining the schedule for interim updates to a reserve study:
 - (a) Significant additions or replacements to the common elements since the last reserve study;
 - (b) Wear and tear to common elements due to unseasonable weather or lack of maintenance;
 - (c) Technological or product development improvements that could result in cost savings;
 - (d) Substantial increases in cost of materials or labor;
 - (e) Any scheduled maintenance, repairs, or replacements that the Association deferred or accelerated;
 - (f) Whether reserve income was received as planned;
 - (g) Whether reserve expenditures were incurred as planned;
 - (h) The Association's selected method of funding reserves.

3. If the Association has a reserve study, the study shall show the required reserve funds for maintenance, repair, and replacement of capital improvements which are the Association's responsibility. The reserve study will consist of a physical analysis and a financial analysis. Interim updates may consist of a physical analysis, a financial analysis, or both. A physical analysis includes an inventory of all improvements that the Association is responsible for maintaining, repairing, replacing or improving and a visual inspection of those items to determine their existing condition. A financial analysis includes an evaluation of the estimated remaining life of an item, the adequacy of existing reserve funds, projected future reserve income, projected future reserve needs, and the ability to meet future reserve needs under the existing funding plan.

(a) If the Association has a reserve study regarding the capital improvements the Association must maintain, repair, and replace, the Association shall plan for the timing and funding of the work to be accomplished out of the reserve funds.

(b) If the Association has a reserve study, the Association shall plan for the sources of funding the work, coordinating with the timing of the work itself. The funding sources for the reserve budget may include additional periodic assessments, borrowing funds, and planned special assessments.

FUNDING PLAN

4. The Board of Directors will endeavor to deposit the annual sum of ten percent (10%) to the reserve funds.

5. The Association may elect to apply funds from its operating account to maintenance, repair or replacement costs otherwise covered by reserve funds.

6. The Association will invest all reserve funds in accordance with the Association's policy regarding investment of reserve funds.

(a) If the Association has reserve funds the Association will invest reserve funds in one or more accounts separate from the general operating account of the Association. The reserve funds shall be invested in conservative accounts with a small possibility of loss to the Association. The majority of the reserve funds shall be deposited in accounts and amounts that are fully insured against loss by an agency of the U.S. government.

(b) Any and all persons who have access to the reserve funds shall have fidelity insurance covering the Association against dishonesty of such persons in the full amount of the funds in those accounts.

VENTANA OF PUEBLO HOMEOWNERS
ASSOCIATION, INC

By: 
President

This Amendment to the Policy Regarding Reserves was adopted by the Board of Directors on the 30th day of April, 2014, effective the 30th day of April, 2014, and is attested to by the Secretary of VENTANA OF PUEBLO HOMEOWNERS ASSOCIATION, INC.


Secretary