

**RESOLUTION OF  
BASELINE COMMUNITY ASSOCIATION, INC.  
REGARDING RESERVE STUDY POLICY**

Effective 11/7/2022, 20\_\_\_\_, the Association hereby adopts the following policy and procedures to be followed in relation to the Association's reserve study policy and the funding of the Association's reserve fund, which shall replace and supersede in its entirety the policy regarding covenant enforcement dated July 7, 2021:

1. Baseline Reserve Study. The Association shall, at the Board of Directors' (the "Board") discretion, conduct a baseline reserve study, which will include both a physical analysis and a financial analysis as follows:
  - (a) The physical analysis shall include:
    - (1) A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.
    - (2) A condition assessment of each component on the component inventory by onsite inspection.
    - (3) Estimates of the remaining useful life and replacement costs of each component.
  - (b) The financial analysis shall include:
    - (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 reserve study.
2. Update of the Reserve Study. The Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by Board, at the Board's discretion, 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. In determining whether an update to the reserve study is needed, the Association shall consider the following:
  - (a) Whether the Association added or replaced any significant common elements.

- (b) Whether the common elements sustained extreme wear and tear from harsh weather or lack of maintenance.
- (c) Whether local inflation for materials and labor has substantially increased.
- (d) Whether the Association has deferred any replacements or moved up replacements from the scheduled dates of replacement.
- (e) Whether reserve income and expenses have occurred as planned.
- (f) Whether there have been any new technological changes or improved product development that might result in a component change.

3. Funding of the Reserve Study. The financial requirements set forth in the reserve study will be funded through regular assessments levied by the Association.
4. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
5. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.
6. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
7. Amendment. This Resolution may be amended from time to time by the Board of Directors.

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The undersigned, being the President of the Association, certifies that this Resolution was adopted by the Board of Directors of the Association on 11/7/2022, 2022.

**BASELINE COMMUNITY  
ASSOCIATION, INC.,**  
a Colorado nonprofit corporation,

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By:   
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President