

**TAMARRON ASSOCIATION OF CONDOMINIUM OWNERS, INC.**

**POLICY AND PROCEDURE**

**RESERVES AND FUNDING OF ASSOCIATION WORK**

The Colorado Common Interest and Ownership Act (the "Act") requires that the Association, pursuant to C.R.S. 38-33.3-209.5(1)(b)(IX), adopt a responsible governance policy and procedure concerning the following:

WHEN THE ASSOCIATION HAS A RESERVE STUDY PREPARED FOR THE PORTIONS OF THE COMMUNITY MAINTAINED, REPAIRED, REPLACED, AND IMPROVED BY THE ASSOCIATION; WHETHER THERE IS A FUNDING PLAN FOR ANY WORK RECOMMENDED BY THE RESERVE STUDY AND, IF SO, THE PROJECTED SOURCES OF FUNDING FOR THE WORK; AND WHETHER THE RESERVE STUDY IS BASED ON A PHYSICAL ANALYSIS AND FINANCIAL ANALYSIS. FOR THE PURPOSES OF THIS SUBPARAGRAPH (IX), AN INTERNALLY CONDUCTED RESERVE STUDY SHALL BE SUFFICIENT.

NOW THEREFORE, the undersigned hereby agree as follows:

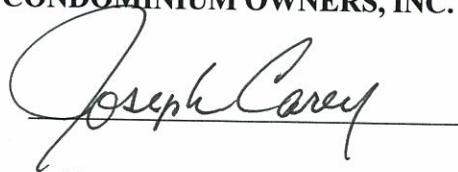
1. In conjunction with the Board of Director's annual budget review and adoption of the Association's annual budget, the Board shall study and analyze if there is a need for any Association improvements, repairs, or maintenance (i.e., "Work") to be made to Association property. Association property includes all real estate, roads, buildings, equipment, or other improvements and structures that are owned, leased or otherwise the responsibility of the Association. The study will include a review of potential Work that may be needed by the Association from the date of the study and continuing through a period ending a minimum of three years from the date of the study. The annual study and analysis shall be known as the "Reserve Study."
2. The Board shall note whether the Reserve Study and the analysis of potential Work included therein is based upon a physical or financial analysis. The Board, in its discretion, may hire consultants to assist with the preparation of the Reserve Study and any such costs associated with the Reserve Study shall be a common expense of the Association.
3. The Board shall discuss and determine how to prioritize any Work recommended for completion by the Reserve Study. The Board shall discuss and determine the sources of funding for completion of the Work. Sources of funding shall include the following: regular assessments, special assessments, use of existing reserves; lines of credit, new loans, or other means of financing available to the Association, including any combination of the foregoing.
4. To the extent reasonably possible, the Board shall adopt a plan for funding all or a portion of the Work. Funding for the Work may be identified as a line item in the annual budget. The Board may revise its funding plan(s) as necessary due to fluctuations in the

cost of Work and other economic factors that would necessitate an increase or decrease in the rate of collection for funding of the Work or a change in the amount of funding necessary to complete the Work. Any funding plan adopted by the Board shall be advisory only.

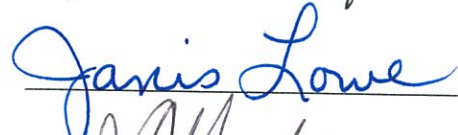
5. The Board's funding plan for financing and completion of Association Work shall be subject to the terms and conditions of applicable Association governing documents (i.e., Articles, Bylaws and Declarations)(the "Governing Documents").

6. The Board shall make its Reserve Study available for review by the owners.

THIS POLICY AND PROCEDURE was adopted at the meeting of the Board of Directors on September 9, 2009 by an affirmative vote of the majority of Board of Directors for **TAMARRON ASSOCIATION OF CONDOMINIUM OWNERS, INC.**

  
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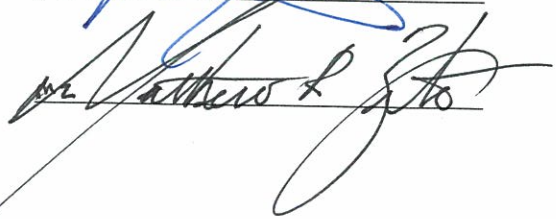
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