

**POLICY FOR RESERVE STUDIES AND
FUNDING THE ASSOCIATION'S RESERVE ACCOUNT
(for Associations with a Reserve Study and a Reserve Account)**

The following policy was adopted by the Board of Directors of Copperstone Condominium Association, Inc. ("the Association") pursuant to Colorado law at a regular meeting of the Board.

RECITALS:

A. Colorado Revised Statute ("C.R.S.") 38-33.3-209.5(1)(b)(xi) provides that Colorado Common Interest Communities shall adopt a policy concerning the establishment and maintenance of a reserve study, as well as a policy of funding the Association's reserve account.

B. C.R.S. 38-33.3-303(2)(b) provides that Members elected to the executive Board by the Unit Owners will be liable for wanton or willful actions or omissions.

C. C.R.S. 7-128-401(2)(b) allows the Members of the Board of Directors to rely on information, opinions, or statements if presented by legal counsel, public accountant or other person as to matters the Board reasonably believes are within such persons expert competence in discharging their duties.

D. The Colorado Courts have applied the Business Judgment Rule in their review of actions taken by Boards of Colorado nonprofit corporations.

E. Without waiving the statutory duty of care applicable to Members of the Executive Board elected by Unit Owners, other than the Declarant, the Board would like to implement elements of the Business Judgment Rule with respect to adopting a policy for establishing and maintaining a reserve study and a policy for funding the Association's reserve account.

THEREFORE, IT IS RESOLVED:

The Association, acting through the Board of Directors, shall exercise business judgment in obtaining and maintaining a reserve account and funding the reserve account.

1. The Board of Directors shall reasonably investigate the Association's options to obtain periodic reserve studies for those portions of the common interest community that the Association is responsible to maintain, repair and replace. Although the Board has not historically obtained a reserve study it anticipates obtaining one from a professional contractor in the near future, and will undertake to have the study updated approximately every five years, or other interval, at the Boards discretion. The Board determines that the methods and frequency for obtaining reserve studies should be

