

**Provence Townhouse Association
Responsible Governance Policy
for
Association Reserve Studies**

Pursuant to the requirements of Colorado Revised Statutes 38-33.3-209.5(1)(b), the Provence Townhouse Association (the "Association") hereby adopts the following written policy:

The Association has an existing Reserve Study which was conducted in 2006 by Borne Engineering. This study will be updated or revised on an as-needed basis, as determined by the Board of Directors and Finance Committee.

The Finance Committee will perform a yearly review of the Reserve Study and the Association's Reserve Fund account and make recommendations regarding needed revisions. Committee members will conduct a test for determining if an asset is appropriate for Reserve designation: 1) the asset must be a common area maintenance responsibility 2) the assets must have a predictable useful life, and 3) the asset must be above a minimum threshold cost.

The Association has adopted a policy of funding the Reserve fund to effectively meet the following objectives: 1) sufficient funds for anticipated expense; 2) budget stability from year to year; 3) an equitable distribution of the contribution burden over the owners and over the years and 4) fiduciary (fiscal) responsibility.

To the extent practicable, funding for repair or replacement of items included in the Reserve Study shall be made through regular, monthly contributions to the Reserve Fund as provided in the annual budget, and through investment of those funds as provided in the Association's Reserve Investment Policy. Funding for repairs or replacements may also be through special assessments, or loans as provided in the Association's governing documents and Colorado Law.

The officers and members of the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner they reasonably believe to be in the best interest of the Association in accordance with the Colorado Revised Nonprofit Corporation Act.

The undersigned, as President of Provence Townhouse Association, Inc., hereby certifies that the foregoing was adopted by resolution of the Board at a meeting of the Board held August 19 '09

PROVENCE TOWNHOUSE ASSOCIATION, INC.

By: Lisa Kynes
President

Attest: Bonnie L. Kynes
Secretary-Treasurer