

**RESOLUTION
OF
CENTERRA RESIDENTIAL COMMUNITY ASSOCIATION, INC.,
REGARDING AUTHORIZATION TO BORROW FROM RESERVES AND TO
BORROW FUNDS IN GENERAL FOR
NECESSARY MAINTENANCE, REPAIR AND REPLACEMENT PROJECTS**

SUBJECT: Borrowing funds to pay for Care-Free Cottage landscaping project.

PURPOSE: To provide notice of the Centerra Residential Community Association, Inc. (the "Association") approval, through its Board of Directors, of the plan to borrow available reserve funds and to enter into a separate loan to pay for a landscaping project, along with the plan for the Care-Free Cottages to replace such reserve funds and pay back such loan over time.

AUTHORITY: The Declaration of Covenants, Conditions and Restrictions for the Centerra Residential Community (the "Declaration"), as may be amended, the Declaration of Special Benefit Area Number Two of the Centerra Residential Community ("Care-Free Cottage Declaration"), Articles of Incorporation and the Amended and Restated Bylaws of Centerra Residential Community ("Bylaws"), collectively referred to as the "Governing Documents," and Colorado law.

EFFECTIVE DATE: January 1, 2014

RESOLUTION: The Board of Directors hereby gives notice of its adoption of a Resolution providing for the authorization to borrow from available reserve funds as follows:

WHEREAS, the Association's Board of Directors is authorized, pursuant to Article V, Sections 5.1 and 5.2 of the Declaration, and Article 7, Section 7.1 of the Bylaws, to take all action on behalf of the Association without a vote of the members, except as specifically provided in the Declaration, Articles of Incorporation or Bylaws;

WHEREAS Article III, Section 3.1(l) and Article V, Section 5.2 of the Declaration, and Article 7, Section 7.1(k) of the Bylaws, authorize the Board to enter into loans and secure such loans by pledging assets of the Association, in order to pay for any expenditure or outlay required pursuant to the governing documents of the Association;

WHEREAS the governing documents of the Association do not prohibit the Board of Directors from authorizing the borrowing of funds from available reserve account(s);

WHEREAS, Article 7, Section 7.1 of the Bylaws authorizes the Board of Directors to do all things necessary for the operation and maintenance of the Community as a first class residential community, which would include the anticipate landscaping project;

WHEREAS, the Care-Free Cottage Declaration requires the Association to perform certain Special Benefit services for the Care-Free Cottages, which must be levied equally against the Care-Free Cottages pursuant to Section 7.3(A) of the Declaration;

WHEREAS, the Board of Directors has determined that the landscaping within the Care-Free Cottages Special Benefit service areas has deteriorated to the point that it is affecting property values and, therefore, that it is within the best interest of the Association to move forward with a landscaping project ("Project") now, rather than later;

WHEREAS, the Project will require a significant outlay of funds, all of which are not currently available within the Care-Free Cottages budgeted and reserved accounts.

WHEREAS, the Board of Directors has determined that a portion of the funds necessary to perform the Project are currently available in the Association's reserve account, the use of which will not result in any hardship or inability to fund any upcoming reserve projects; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Association to: (i) borrow funds from the Association's reserve account, and (ii) obtain a loan pursuant to its authority under Article V, Section 5.2 of the Declaration and Article 7, Section 7.1(k) of the Bylaws, for the purpose of funding the Project; and

WHEREAS, the Board of Directors anticipates replacement of the borrowed funds within seven (7) years from the date of execution of this Resolution, to be achieved through the levying of Special Benefit Area Assessments, Specific Assessments, Special Assessments and other such assessments permitted under the governing documents of the Association and Colorado law, to be paid solely by the Care-Free Cottage Owners;

NOW THEREFORE, IT IS HEREBY RESOLVED that the Association will borrow the sum of approximately \$33,000.00 from the Association's reserve fund, which will be applied to the Project, and approximately \$100,000.00 through a loan, to be secured pursuant to the requirements of the governing documents of the Association and Colorado law, under a separate resolution and pursuant to loan documents to be

completed at a later date. No interest will be charged on the loan from the Association's reserve fund.

In addition, the Association anticipates that it will repay the sums borrowed from the reserve fund and through the separate loan within a period of seven years from the date of execution of this Resolution.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on 11/18/2013 and in witness thereof, the undersigned has subscribed his/her name.

**CENTERRA RESIDENTIAL COMMUNITY
ASSOCIATION, INC.**, a Colorado nonprofit
corporation

By:



President