This is from the Summit HOA Services webpage at: https://summithoaservices.com/faq/

How much power does the Board actually have?
By Colorado State Statute, the Board of Directors ("Executive Board", "Board") is charged with the ultimate responsibility and authority for governing the association on behalf of the members. It can delegate its authority, such as to a managing agent for administering its affairs, but it cannot delegate its responsibility. The Board's powers are broad; it can set the policies, standards, procedures, programs and budgets for the association. The Board cannot amend the Declaration, terminate the common interest community, elect members to the Board, determine Board qualifications, powers, duties, or terms of office.
The principal responsibility of the Board is to maintain, protect, preserve and enhance the value of the community's assets. It cannot effectively accomplish this without a fiduciary duty to the association, a legal obligation, comprised of two components – the duty of care and the duty of loyalty. The duty of care means that the Board must act as reasonable people in managing the association's affairs. It must exercise reasonable business judgment (the "business judgment rule") in making a decision to avoid being negligent in its actions. The duty of loyalty requires the directors to act in the best interests of the association; that is to avoid conflicts of interest and acting out of self-interest.

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What is a reserve study?
Perhaps the most important function of an association's fiscal responsibility is to ensure that sufficient funds are reserved for replacement of the community's common property – such as roofs, siding, asphalt paving, central heating, pools, elevators etc. A reserve study, schedule or plan, attempts to identify these needs and estimate, as thoroughly as possible, the specific required improvement(s), when they are likely to be needed, how much will the cost be and how it be paid for.
The study may often include added facilities or upgrades to the community. Many studies will also include deferred maintenance items, such as periodic painting of a building's exterior or asphalt paving resealing. Although the funding for these high expenditure items should be reserved for, there are tax implications that need to be considered and should be discussed with the community's accountant.
An experienced **reserve study provider** will be able to provide such a study. It should be considered a "guide" to what is needed and the costs associated. It should be updated (at least) annually in consultation with the Board of Directors. The plan should capture **all** the necessary major components – even if your association has 40-year shingles on its roof(s), the eventual replacement of these should be included.
Finally, the study should be relatively easy to follow, perhaps uncomplicated by "the time value of money", and should be amortized to indicate an amount each individual owner must pay each month into the reserves to satisfy the particular plan the Board has adopted.

How should our reserves be accounted for?
Although there are numerous ways the reserve fund fiscal activity may be documented, it is now required by Colorado State law that the Reserve (or Replacement) Fund maintain its own income and expense activity, separate from the operating income and expenses, with net flow recognized in an equity account. This equity fund should balance with the reserve cash fund. Additionally, any reserve activity anticipated in the coming year should be included in the operating budget, which of course is approved by the Board and ratified by the membership. Failure to do so, might render an impediment to collection should an owner seriously default on his or her assessments. Check with your bookkeeper to ensure the reserves are clearly identified and not commingled with the operating funds.

How do we know if our Reserves are adequate for our future needs?
Currently, there is no specific minimum level of funding as required by Colorado State Statute, only that the association maintains and funds reserves for capital project replacements and improvements. The best approach is to fully fund the expected needs by collecting such periodic interval payments(that portion of the regular assessments) as necessary to completely pay for the component repair or replacement when it becomes due without the need for a special assessment. Many associations will, however, adopt a funding plan that is less than 100% of being fully funded. Note, anything less than fully funding the anticipated requirements is likely to result in special assessing the then current owners, or compromising in some other way so as to reduce the impact of the expense on those owners.
However, new FannieMae guidelines (2009) require that capital reserves must represent at least 10% of the budget; a minimum threshold for reserve funding has now been vicariously established. Why care about FannieMae? Most traditional loans are underwritten by FannieMae; their guidelines are considered the standard throughout the industry. Without meeting their reserve requirement, a prospective purchaser of a condo unit would not be able to qualify for a traditional loan.

Our Board is considering repainting our siding next year, but is concerned we do not have enough reserves to pay for it. They are discussing a Special Assessment. Can thy impose a special assessment now for a repainting task required next year?
Your Declaration should identify the criteria by which regular and special assessments are levied. Usually, special assessments can only be levied in the year the improvement is to be undertaken, or to retire a deficit remaining from a previous period. By this, you cannot fund a future year's expense, especially an un-budgeted one, by a special assessment. Additionally, if a special assessment is created for a task later this year, it should be specified and communicated to the membership as such, with all funds collected placed in the reserve cash account and accounted for separately in the replacement operating fund. Your **management company** should be adept at providing the necessary information and procedures for creating, communicating and accounting for a special assessment.