

**ROLLING HILLS RANCH MASTER ASSOCIATION
POLICY FOR INVESTMENT OF RESERVE FUNDS
Effective: January 1, 2006**

1. Introduction.

The Board of Directors (the "Board") of Rolling Hills Ranch Master Association, a Colorado non-profit corporation (the "Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Master Declaration of Covenants, Conditions and Restrictions for Rolling Hills Ranch (a Common Interest Community) (the "Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. Policy Purposes.

The purposes of this Policy are to:

2.1 Manage the Association's reserve funds in a prudent manner to promote the preservation of those funds for their intended uses.

2.2 Structure the maturities of investments to ensure the Association will have liquid assets available for its anticipated needs.

2.3 Realize appropriate returns on the Association's investments.

3. Segregated Accounts.

All liquid and non-liquid reserve fund investments shall be maintained in an account or accounts separate from the Association's operating account or accounts.

4. Types of Investments.

The Board shall invest the Association's reserve funds in one or more of the following types of investments:

4.1 FDIC-insured interest bearing liquid bank accounts (money market deposit accounts) with no more than \$100,000 in any one financial institution.

4.2 FDIC-insured certificates of deposit with no more than \$100,000 in any one financial institution.

4.3 Money market funds that invest only in United States Treasuries and Treasury-backed securities.

4.4 Treasury bills, notes or bonds purchased with the intent to hold to maturity.

4.5 Any other type of investment that is (a) FDIC-insured or guaranteed by the United States government (but only to the extent of such insurance or guarantee), or (b) an obligation of the United States government.

5. **Liquidity.**

The Board shall maintain from time to time a sufficient portion of its reserve funds in one or more liquid accounts to meet required expenditures for repairs or replacement that the Association will incur before its non-liquid assets mature.

6. **Laddering of Non-Liquid Investments.**

The Association's non-liquid investments should be structured with laddered maturity dates so that the investments mature during successive time periods. The length of maturities should be based on market conditions and the Association's anticipated repair and replacement needs. This laddering strategy is intended to provide the Association with the benefit of longer term interest rates, which are customarily higher than short-term rates, while maintaining sufficient liquidity from time to time to meet the Association's repair and replacement schedule.

7. **Investment Advisor.**

The Board may retain a professional investment advisor to assist in investing its reserve funds pursuant to this Policy.

8. **Control and Review of Investments.**

All reserve fund investments will be made in the name of the Association. Any withdrawal or transfer of reserve funds requires the signatures of at least two Association officers or Board members. The Board will review the periodic account statements sent to the Association for the reserve fund investments at the next Board meeting following the Association's receipt of the statements. Based on this review, the Board may make any adjustments to the investments as necessary to maintain competitive yields.

9. **Reserve Studies.**

To determine the appropriate level of the Association's reserve funds, the Board may commission from time to time reserve studies evaluating the life expectancy of those areas of the community maintained by the Association, and the anticipated cost of maintaining, repairing and replacing those areas.

10. **Variances.**

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

11. Amendment

This Policy may be amended from time to time by the Board.

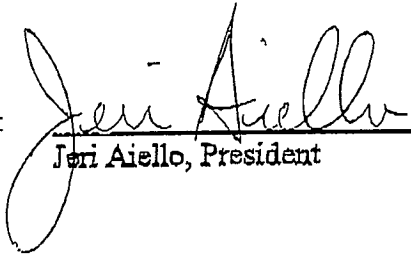
CERTIFICATION

The undersigned, being the duly elected and acting President of the Rolling Hills Ranch Master Association (the "Association") certifies that the foregoing Policy for Investment of Reserve Funds was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on December 6, 2005.

Dated this December 6, 2005.

ROLLING HILLS RANCH
MASTER ASSOCIATION

By:



Jeri Aiello, President