

**ROLLING HILLS RANCH TOWNHOMES ASSOCIATION
INVESTMENT OF RESERVES REGULATION**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.
AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law, (the Controlling Documents).

EFFECTIVE

DATE: 60 days after the Board Resolution approving this Regulation.

RESOLUTION: The Association hereby adopts the subject resolution:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statues, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have Rules and Regulations for the investment of reserve funds.
2. Purpose of the Reserve Funds. The purpose of the Reserve Funds shall be to responsibly fund and finance the on-going repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may find necessary. The portions of the community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies:
 - (a) Safety of Principal. Promote and ensure the Preservation of the Reserve Funds principal.
 - (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
 - (c) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
 - (d) Diversify. Mitigate the effects of interest rate Volatility upon reserve assets.
 - (e) Return. Funds should be invested to seek the highest level of return.
4. Limitation on Investment. All investments must be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.
5. Investment Strategy. The investment strategy of the



Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.

6. Independent Professional Investment Assistance.

The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.

7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

8. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, at the Board's option, the life expectancy of those portions of the Community to be maintained or replaced by the Association and the anticipated costs of maintaining or replacing those identified areas. This process is hereinafter referred to as a "Reserve Study".

9. Review of Reserve Study. The Board of Directors shall cause the Reserve Study and reserve funding to be reviewed and updated at least once every three years.

10. Standard of Care. 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 the Director or officer reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act.

11. Definitions. Unless otherwise defined in this Resolution, initially capitalized terms or terms defined in the Declaration shall have the same meaning herein.

12. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Controlling Documents.

13. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

CERTIFICATION:

The undersigned, being the President of the Rolling Hills Ranch Townhomes Association, a Colorado nonprofit corporation, Certifies that the foregoing Reserves Regulation was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on 6-19-14
ROLLING HILLS RANCH TOWNHOMES ASSOCIATION,

By: Frankie Simmons 6-20-14
President