

## **RESERVE FUNDS AND INVESTMENTS POLICY**

### **Fall Valley Homeowners Association**

The Association shall strive to adhere to the following policies relating to the investment of Reserve Funds:

A. Short Term Requirements: Since the need for major repairs or replacement of the infrastructure of the HOA is difficult to foresee, the Association should begin to accrue funds in a reserve fund to pay for the repair and/or replacement of such infrastructure. Annually, the Board should estimate what repairs/replacement of infrastructure will occur within each of the following three (3) years.

Such amount of the reserve fund should be invested in federally insured savings accounts, money market accounts or certificates of deposit with a maturity to match such anticipated expenditures.

B. Long term Requirements: If the short term requirements are funded as described above, and repairs and/or replacements are anticipated in three years or longer, any excess funds in the reserve fund may be invested in certificates of deposit, US Treasury bills, or notes with a maturity date of no more than five (5) years, or short term no load mutual funds.

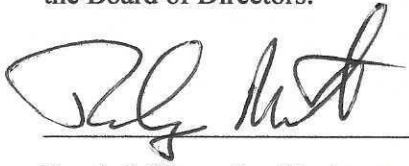
C. General Guidelines: The Board shall invest Reserve Funds to generate additional income that will accrue to such funds pursuant to the following guidelines and criteria:

1. **Safety of Principal:** Promote and ensure the preservation of the Reserve Fund's principal.
2. **Liquidity and Accessibility:** Structure maturities of investments to ensure availability of funds for projected and unexpected expenditures to match the anticipated need of such funds.
3. **Minimal Costs:** Minimize costs of investments (i.e redemption fees, commissions and transactional costs).
4. **Diversification:** Diversify the funds to mitigate the effects of volatility in interest rates.
5. **Maximize Return:** Invest funds to maximize the rate of return

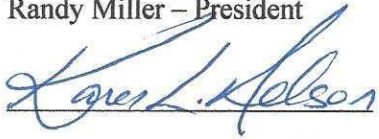
D. Board Duties: Notwithstanding the foregoing, the Board shall have broad discretion in the types of investments in which to invest the reserve Funds. All investment decisions shall be made in good faith, with the same care as an ordinary and prudent investor investing his/her own funds under similar circumstances and in a manner believed to be in the best interests of the Association, in accordance with the Colorado Nonprofit Corporation Act. The Board shall review the Reserve Fund Investments and strategy on a periodic basis to ensure that the funds are earning competitive yields and in compliance with the investment policy and shall make prudent adjustments as necessary. The Board may utilize the services of a qualified investment counselor to assist the Board in formulating an investment strategy

E. Treasurer Reports: The Treasurer or manager shall report the results of reserve fund performance to the Board of Directors upon request. The results of Reserve Fund performance shall also be reported to the members at the annual meeting.

The undersigned certify that this Policy was adopted on September 5<sup>th</sup>, 2024 by resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Randy Miller", written over a horizontal line.

Randy Miller – President

A handwritten signature in blue ink, appearing to read "Karen L. Nelson", written over a horizontal line.

Karen Nelson - Secretary