

**INDIAN SPRINGS LANDOWNERS ASSOCIATION  
RESERVE FUND POLICY**

1. RESERVE FUND – OVERVIEW

- 1.1. In compliance with the CCIOA requirement that all associations create and adhere to a policy that directs Associations to maintain a reserve fund and responsibly invest those funds, the ISLA adopts the following Reserve Fund and Investment Policy.
- 1.2. The purpose of the Indian Springs Landowners Association Reserve Fund is to provide resources necessary to properly manage emergency repair, construction of, and replacement of assets belonging to the Association. Expenses can be both anticipated and unforeseen as well as occur individually or in tandem, therefore, both a short-term and long-term view must be considered while managing the Reserve Fund.

2. CAPITAL RESERVE STUDY

- 2.1. It shall be the intention of the Association to maintain the Reserve Fund in a fully funded condition on an on-going basis. To this end, the Association shall ensure that there is adequate funding each year so that the Reserves are funded at a level adopted by the membership to accommodate varying circumstances.
- 2.2. The Board shall annually conduct a survey of the needs of the Association’s existing physical assets and anticipated capital expenditures. The purpose of this survey is to ensure that the reserve fund is adequately funded to cover anticipated expenses but not less than one-and-one-half (1.5) times the annual operating budget of the Association.
- 2.3. In the event it is determined the fund principal will be required to cover needed expenses, the Board will prepare a report to the Association Membership detailing how the reserve funds will be used. This report will be posted on the Association website, disseminated via e-mail, and/or mailed.
- 2.4. The Board shall be charged with preparing a plan to replace any used reserve funds. This plan may involve one or more of the following options: a) implementing a one-time special assessment, b) a temporary dues increase, c) a permanent dues increase, or d) other appropriate funding mechanisms. The plan shall be presented to the Association membership at the Annual Membership Meeting as an action item or at other times when deemed necessary by the Board. Electronic or paper mail may be used by the Board to communicate the plan and to have member voting. Assessments and dues increases are addressed in the Association covenants with amendments.
- 2.5. The expenditure of reserve funds allowed by the Board without Landowner vote shall be no more than the total amount of one-year’s permanent assessment. If an amount must be expended that will deplete the fund to an amount leaving less than one year’s amount, those expenditures may be approved by a simple majority vote of all Landowners.

3. RESERVE INVESTMENT

- 3.1. The Board shall oversee the mechanics of investing. If expertise does not exist within the association membership to make investments during uncertain market conditions, the Board may utilize a qualified investment counselor to assist in the formulation of an appropriate strategy.
- 3.2. Funds shall be invested with a balance between these goals:
  - 3.2.1. Preservation and safety of the principal;
  - 3.2.2. Liquidity of the funds;
  - 3.2.3. Maximized yield;
  - 3.2.4. No cost or low-cost transaction fees;
- 3.3. Funds should only be invested with reputable institutions such as FDIC insured banks or investment houses.
- 3.4. The Board is authorized to open an account on behalf of the ISLA with any institutions in which investments will be made.

4. RESERVE FUND INSTRUMENTS

- 4.1. Regular passbook savings accounts
- 4.2. Certificates of deposit including ladder CD's
- 4.3. Money market accounts

5. RESERVE FUND INVESTMENT PUBLIC COMMENT

- 5.1. Each year at the Annual Landowners Meeting, the Board shall receive comments from the Landowners concerning the method and performance of the Reserve Fund investments.

6. PRESIDENT'S CERTIFICATION

The undersigned, being the President of the Indian Springs Landowners Association, Inc., a Colorado non-profit corporation, 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 the 15 day of October, 2022 and in witness thereof, the undersigned has subscribed his/her name.

**INDIAN SPRINGS LANDOWNERS ASSOCIATION, INC.**

A Colorado non-profit corporation

By: , President