

WHITE WOLF TOWNHOMES HOMEOWNERS ASSOCIATION, INC.

RESERVE FUND INVESTMENT POLICY

Adopted July 15, 2008

The following reserve fund investment policy has been adopted by the White Wolf Townhomes Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

- I. **Investment Objectives.** All funds which are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:
 - A. **Safety of Funds.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.
 - B. **Liquidity of Funds.** The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year or unexpected expenditures.
 - C. **Types of Investments.** The reserve fund portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.
 - D. **Yield.** The Association's portfolio shall attempt to earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board of Directors, will take into account the Association's investment risk, constraints, and cash flow needs.
- II. **Control and Review of Investments.** Responsibility for conducting investment transactions for the Association resides with the Board of Directors. All reserve fund investments will be made in the name of the Association. Any withdrawal or transfer of reserve funds requires the written approval of at least two Association Board members. These written approvals will be recorded as part of each transaction. The Board shall review the periodic account statements sent to the Association for the reserve fund investments as necessary to maintain competitive yields and to meet investment objectives.

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.

The Board may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. Such services may include engagement of financial advisors in conjunction with debt issuance, cash management, portfolio management support special legal representation, and third party custodial services, all pursuant to this Policy.

The Board of Directors will periodically review the compliance of the investment management practices with this reserve fund investment policy.

III. Ineligible Investments and Transactions: The Association shall not invest in the following asset class(es):

- A. Individual Stocks;
- B. Equity mutual funds domestic or foreign;
- C. Mutual funds consisting of bonds or mortgages and or derivatives;
- D. Options on equity, debt or commodities;
- E. Floating rate securities or floating rate certificates of deposit; and
- F. Investment in a single institution in excess of FDIC insurance limits.

IV. Policy Revisions. The Board of Directors may review and amend this Policy from time to time as the Board deems necessary.

White Wolf Townhomes Homeowners Association, Inc.

By: James E. Nuxoll
President
James E. Nuxoll

Attest

Catherine M. Graves
Secretary

This Reserve Fund Investment Policy was adopted by the Board of Directors on the 15th day of July, 2008 and is attested to by the Secretary of the White Wolf Townhomes Homeowners Association, Inc.

Catherine M. Graves
Secretary