

**RESOLUTION
OF THE
RIDGEWOOD HILLS MASTER ASSOCIATION
REGARDING INVESTMENT OF RESERVE POLICY**

- SUBJECT:** Adoption of an Investment Policy for reserves of the Association.
- PURPOSES:** To adopt a policy for the investment of reserve funds.
- AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law, including but not limited to C.R.S. §38-33.3-209.5.
- EFFECTIVE DATE:** January 1, 2006
- RESOLUTION:** The Association hereby adopts a Policy as follows:
1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, 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 policies and procedures for the investment of reserve funds.
 2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected 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 determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
 3. Reserve Accounts. The Board of Directors of the Association shall invest funds held in a separate Reserve Funds account. Such account shall only be opened or closed with the signature of at least two members of the Board of Directors. In accordance with Section 7.8 of the Bylaws, funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Board Members, one of whom may be the treasurer if the treasurer is also a Board Member.

4. Investment of Reserves. The purpose of the reserve fund accounts is to generate revenue that will accrue to the balance while minimizing risks and maximizing return rates given the following goals, criteria and policies:

- (a) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal while minimizing risk.
- (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
- (c) Minimal Costs. Minimize investments costs (redemption fees, commissions, and other transactional costs).
- (d) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
- (e) Return. Invest funds to seek the highest level of return.
- (f) Achieve long-term investment performance to exceed inflation on a net after tax basis.

5. Limitation on Investments. No funds shall be invested except in authorized investments. Authorized investments include Bank or Brokerage firm Money Market Funds, Bank or Brokerage firm CD's, and AAA rated Municipal or US Treasury securities having a maturity of 5 years or less.

6. Investment Strategy. Selection of securities will be made with an emphasis on the preservation of capital, the quality of the investment, maturity dates, and continued liquidity of funds. Securities shall be structured to mature in 6 months to five years. Structuring should insure that securities are laddered to spread maturities equally over the five-year period. Once established, a consistent purchase of securities at the long end of maturity will be undertaken with new or maturing funds. A 2/3 majority vote of the Board of Directors is required for investments in excess of 5 years. Reserve assets usually benefit from long-term rates, which are usually higher than short-term rates. The Association will maintain readily available funds and cash flow.

7. 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.

8. Review and Control. Monthly reserve statements will be delivered to the Board of Directors. These statements will provide detailed accounting of current values, income, and transactions. The Board shall review Reserve Fund investments quarterly to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed. The Board will meet semi-annually and review policy considering changes of investment strategy or security selection criteria.

9. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors shall determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").

10. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, at least once every three years, to adjust and make changes in costs, inflation and interest yield on invested funds, plus modification, addition or deletion of components.

11. 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.

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

13. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

14. 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.

15. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Ridgewood Hills Master Association, a Colorado nonprofit 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 3-29-07 and in witness thereof, the undersigned has subscribed his/her name.

**RIDGEWOOD HILLS MASTER
ASSOCIATION,**
a Colorado nonprofit corporation

By: Mike A. Farrell
President