

The Knolls & Ravenna Hills Homeowners Association

Investment Policy and Procedure

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for enforcing policies rules and regulations and other governing documents of the Association.

1. Scope:

To adopt a procedure and policy outlining procedures to be followed for investing replacement reserves.

2. Specifics:

Reserve funds shall initially be deposited to the Association's operating bank account and accounted for as a liability on the Association's books. The funds shall be sequestered as soon as allocated amount is sufficient to open a no-fee reserve account.

All Association funds must be held in instruments insured by the Federal Government.

If the fee vs. interest earned relationship is favorable to the Association, the Association will keep funds in interest-bearing instruments. Preservation of principal is the primary criteria.

Review and Control

Policy considerations concerning changes of investment strategy or security selection criteria will require a meeting to obtain a consensus.

The Association's Treasurer will receive monthly reserve statements. These statements will provide detailed accounting of current values, income, and transactions. Reports will be available for Members of the Association from the Treasurer upon written request.

- 3. Definitions:** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.
- 4. 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 Association.
- 5. 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.
- 6. Amendment:** The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

The Knolls & Ravenna Hills Homeowners Association

Paul A. West
President

Effective Date: 4.21.14