

**THE MOUNTAIN OAKS HOMEOWNERS ASSOCIATION**  
**POLICY ON INVESTMENT OF RESERVES**

Effective Date: 01/21/2017

The following Policy on Investment of Reserves applies to all owners of lots located at Mountain Oaks Subdivision Filing Nos. 1,2,3, & 4 (“Owners”), and is hereby adopted by the Board of Directors of Mountain Oaks Homeowners Association (“MOHA”):

In order to properly maintain areas in the MOHA community that are the responsibility of the Association, to comply with state statutes, to prudently manage reserve funds, and to protect the market value of homeowners’ homes and livability in the community, MOHA determines that it is necessary to have policies and procedures for the investment of reserve funds.

Reserve funds are those funds not needed for immediate operation of MOHA’s day-to-day activities. The purpose of the reserve fund shall be to responsibly fund and finance the projected repair and maintenance of those portions of the community that the Association is responsible for that typically have limited but reasonably predictable useful lifetimes. An example is common areas and common driveways.

**Investment of Reserve Fund**

1. The MOHA Board of Directors shall establish the amount, if any, to be transferred to reserve funds on an annual basis.
2. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. Treasury and government obligations, municipal bonds and other state obligations, and other investments recommended by a financial advisor pursuant to the Association’s investment goals. No funds shall be deposited or invested except in authorized investment funds. All investments must be insured by FDIC, SIPC or comparable insurance.
3. The reserve funds shall be invested to achieve the following goals, in descending order of importance;
  - a. Preservation of principal;
  - b. Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
  - c. Mitigate the effects of interest rate volatility upon reserve assets;
  - d. Seek the highest level of return that is consistent with preserving the principal and accumulated interest;
  - e. Minimize investment costs.
4. The Board may consider the following circumstances in investing reserve funds:
  - a. General economic conditions;
  - b. Possible effect of inflation or deflation;

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- c. Expected tax consequences;
  - d. The role the reinvestment plays in the Association's financial well-being;
  - e. The other resources of the Association.
5. All accounts, instruments, and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by the MOHA Board of Directors as appropriate and shall be reviewed at least once per year.
6. The President, Treasurer or Manager, if authorized by the Board, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph 5, and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the MOHA. To withdraw or transfer funds, the signature of **two** of the aforementioned persons shall be required.
7. The Association will carry fidelity insurance policy to protect against theft and dishonesty from anyone with access to the reserve funds to the extent such insurance is available and the cost is reasonable.
8. The Association's treasurer or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income, and all transactions.
9. General standards of conduct for Officers and Members of the Executive Board in accordance with C.R.S. § 7-128-401, as amended:
  - a. Each Officer or Member of the Executive Board ("Officer") shall discharge the Officer's duties as an Officer, including the Officer's duties as a member of a committee of the board, and each officer with discretionary authority shall discharge the officer's duties under that authority:(1) In good faith; (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) In a manner the Officer reasonably believes to be in the best interests of the Association.
  - b. In discharging duties, an Officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:(1) One or more members or officers of the Association whom the Officer believes to be reliable and competent in the matters presented;(2) Legal counsel, a public accountant, or another person as to matters the Officer reasonably believes are within such person's professional or expert competence;(3) Religious authorities or ministers, priests, rabbis, or other persons whose position or duties in the Association, or in a religious organization with which the Association is affiliated, the Officer believes justify reliance and confidence and who the Officer believes to be reliable and competent in the matters presented; or (4) In the case of a committee of the board of directors of which the Officer is not a committee member, if the Officer reasonably believes the committee merits confidence.

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- c. An Officer is not acting in good faith if the Officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection b of this section unwarranted.
- d. An Officer is not liable as such to the Association or its members for any action taken or omitted to be taken as an Officer, as the case may be, if, in connection with such action or omission, the Officer performed the duties of the position in compliance with this section.
- e. An Officer or member, regardless of title, shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.
- f. An Officer of the Association, in the performance of duties in that capacity, shall not have any fiduciary duty to any creditor of the Association arising only from the status as a creditor.
- g. No person shall be liable in contract or tort merely by reason of being a director, officer, or member of an Association that was suspended, declared defunct, administratively dissolved, or dissolved by operation of law, and the business or activities of which have been continued for Association purposes, with or without knowledge of the suspension, declaration, or dissolution, and the business and activities of which have not been wound up.

IN WITNESS WHEREOF, the undersigned certify that this Policy on Investment of Reserves was adopted by resolution of the Board of Directors of Mountain View Homeowners Association on this 21st day of January, 2017.

MOUNTAIN OAKS HOMEOWNERS ASSOCIATION

A Colorado nonprofit corporation,

By: Steve Carmichall  
President

By: Beverly Collins  
Secretary