

Blumenau Homeowner's Association

Reserve Investment and Study Policy and Procedure

Although Blumenau HOA pre-dates the required participation of the Colorado Common Interest Ownership Act (required for all HOAs formed *after* 1992 – Blumenau HOA was formed in the 1970s), the Board of Directors has sought to adopt many recommended uniform and systematic policies and procedures as prescribed in the Act.

The Association hereby adopts the following policy and procedure for Reserve Investment and Study, effective July 2018:

1. Reserve Fund Investment

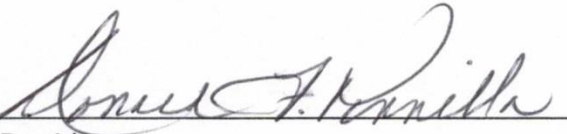
- A. The purpose of the Reserve Fund shall be to responsibly fund and finance the continuation of the BHA responsibilities in the face of unforeseen contingencies the projected repair and replacement of those portions of the Community that the BHA is responsible for, portions assigned within the Water Decree, and for such other funding as the Board of Directors may determine. These portions typically have limited but reasonably predictable useful lives.
- B. The officers and members of the Board of Directors shall make investment decisions in good faith and in a manner the Board reasonably believes to be in the best interest of the Association. Directors and officers may rely on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by: (a) one or more officers of the Association whom the Board reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountant, or other persons which the director or officer reasonably believes to be within such person's professional or expert competence; or (c) a committee of the Association designated by the Board.
- C. All investments shall be FDIC (Federal Deposit Insurance Corporation) insured, guaranteed or AAA rated financial instruments by the United States Government
- D. The Board of Directors shall establish the amount, if any, to be transferred to reserve funds on an annual basis.
- E. The reserve fund shall be invested to achieve the following goals, in descending order of importance
 - Promote and ensure the preservation of principal
 - Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures.
 - Invest funds to seek the highest level of return
- F. The Board may review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and may make prudent adjustments as needed.

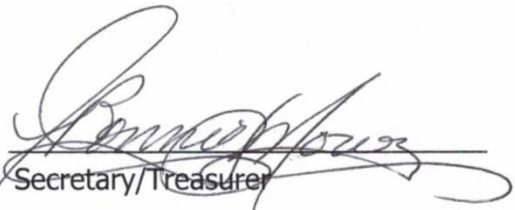
2. Reserve Study

- A. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community and those portions specified in the Water Decree to be maintained by the BHA and the anticipated costs of maintaining, replacing and improving those identified areas.
- B. The Board of Directors may review and update periodically the Reserve Study to adjust and make changes in costs, inflation, and interest yields on invested funds, plus modification, addition or deletion of components.

IN WITNESS WHEREOF, the undersigned certify that the Amendment Procedure was adopted by resolution of the Board of Directors of the Association this 23rd day of July, 2018.

Blumenau Homeowners Association

By: 
President

Attest: 
Secretary/Treasurer