

# **POLICY FOR STUDY, FUNDING AND INVESTMENT OF RESERVES**

This Policy supersedes and replaces all prior policies regarding reserves.

**PURPOSE:** The following policy was adopted by the Board of Directors of Town & Country Village Homeowners Association, Inc. (“the Association”) pursuant to Colorado law at a regular meeting of the Board.

**Authority:** The Amended and Restated Declaration of Covenants, conditions, and Restrictions of Town and Country Village Townhomes at Reception #2004091833 (“Declaration”), the Bylaws of the Association, applicable provisions of the Condominium Ownership Act (“COA”), §38-33-101, C.R.S., the Colorado Common Interest Ownership Act (“CCIOA”), §§7-128-401, 38-33.3-209.5 and 38-33.3-303, C.R.S., and other applicable Colorado and Federal laws.

**EFFECTIVE:** March 17, 2022

**RESOLUTION:** The Association hereby adopts the following Policy:

## ***1. Reserve Study***

- a. The Association is not required to have a Reserve Study.
- b. If the Board of Directors determines that a Reserve Study shall be conducted, it may be prepared by either a professional reserve specialist or the Association’s professional property manager.
- c. Reserve Studies should be based on a physical examination of the Community.

## ***2. Reserve Fund***

- a. The Association is required to maintain a reserve fund for the maintenance, repair and replacement of improvements it is required to maintain, repair or replace.
- b. The purpose of a Reserve Fund is to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for, as these areas have limited, reasonably predictable useful lives.
- c. Funding for reserves shall be through the annual budget via common assessments, as well as special assessments, loans that may be obtained by the Association or other methods.

### ***3. Investment of Reserves***

- a. The Reserve Fund shall be held in an account separate from other funds.
- b. The Association may invest some or all of the Reserve Fund in order to generate revenue pursuant to the following goals, criteria and policies:
  - i. Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
  - ii. Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
  - iii. Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
  - iv. Diversify. Mitigate the effects of interest rate volatility upon reserve assets
  - v. Return. Funds should be invested to seek the safest and highest level of return.
- c. The Board may hire qualified investment counselors.
- d. A Reserve Study will be prepared and there will be a funding plan for work recommended by the study. The projected sources for funding will be noted with the annual budget each fiscal year. Those funds are collected with the monthly dues and payment made to the reserve account. This study will be based on a physical analysis.

### ***4. Guidelines and Limitations on Investments***

- a. The following asset allocations should be reviewed by the Board on an annual basis:
  - i. Money Market. 1–2% should remain in the money market at all times.
  - ii. Equities. Allowable range: Minimum 70%; Maximum 75% of total assets.
  - iii. Fixed Income. Allowable range: Minimum 25%; Maximum 30% of total assets.
- b. It is the responsibility of the Board to review the performance of the investment account and the investment policy guidelines on a calendar quarterly basis. The manager of the investment account portfolio will prepare the quarterly report for the Board's review.

### **Definitions**

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

**Supplement to Law**

The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado.

**Deviations**

The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

**Amendment**

This Policy may be amended from time to time by the Board of Directors.

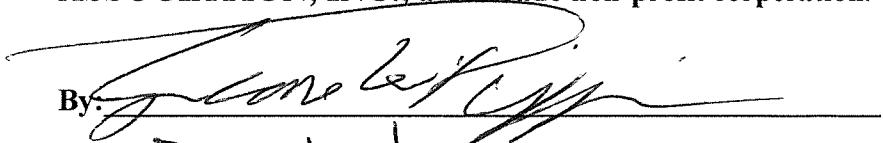
**Severability**

Invalidation of one of the foregoing provisions by court order or judgment shall have no effect on the remaining provisions which shall remain in full force and effect.

**CERTIFICATION:**

The undersigned, being the President of the Board of Directors of Town & Country Village Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that this Policy was adopted by Resolution approved by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors of the Association on March 17, 2022, 2022 and in witness thereof, the undersigned has subscribed his/her name.

**TOWN & COUNTRY VILLAGE HOMEOWNERS ASSOCIATION, INC., a Colorado non-profit corporation.**

By:   
Its: President BOD