

Vintner's Farm Home Owners Association

Under the Colorado Common Interest Ownership Act (CCIOA), specifically C.R.S. § 38-33.3-209.5, Colorado HOAs are legally required to adopt and maintain nine responsible governance policies, including a formal written policy regarding the **Investment of Reserve Funds**.

POLICY ON INVESTMENT OF RESERVE FUNDS

1. Purpose

The purpose of this Policy is to establish standards for the investment and management of reserve funds belonging to Vintner's Farm Homeowners Association (the "Association"). The primary objectives are safety of principal, liquidity to meet anticipated long-term maintenance and replacement needs, and generating a reasonable rate of return within conservative risk parameters.

2. Authority & Statutory Compliance

This Policy is adopted pursuant to C.R.S. § 38-33.3-209.5 of the Colorado Common Interest Ownership Act (CCIOA) and the Association's governing documents. In managing and investing Association funds, the Board of Directors shall act in good faith, with the care an ordinarily prudent person in a like position would exercise, and in a manner reasonably believed to be in the best interests of the Association (C.R.S. § 7-128-401).

3. Investment Objectives

Reserve funds shall be invested according to the following priorities, listed in order of importance:

- **Safety & Protection of Principal:** The primary goal is the prevention of loss of capital. Investments shall be structured to minimize market risk and credit risk.
- **Liquidity:** Funds shall remain sufficiently liquid to meet projected reserve expenditures identified in the Association's Reserve Study without incurring penalties or forced liquidation of assets.
- **Yield/Return:** Within the bounds of safety and liquidity, funds shall be invested to maximize the yield on invested capital to preserve purchasing power against inflation.

4. Standard of Care & Fiduciary Duty

Board members and designated officers acting on behalf of the Association serve as fiduciaries. Investment decisions must be made with prudence, discretion, and intelligence, considering the safety of capital rather than speculation.

5. Permissible Investments

Reserve funds may only be invested in low-risk, highly secure instruments, such as:

- Certificates of Deposit (CDs) issued by FDIC-insured or NCUA-insured financial institutions.
- Deposit accounts (checking, savings, money market accounts) at FDIC/NCUA-insured institutions.
- Direct obligations of the United States Treasury (e.g., U.S. Treasury Bills, Notes, or Bonds).
- Money market funds that invest exclusively in U.S. Treasury securities and government-backed obligations.

6. Investment Restrictions & Limitations

- **FDIC/NCUA Insurance Limits:** Deposits in any single financial institution shall not exceed the maximum coverage provided by the FDIC or NCUA (currently \$250,000 per institution), unless fully collateralized.
- **Prohibited Investments:** Reserve funds shall **not** be invested in stocks, corporate bonds, mutual funds (other than Treasury money market funds), real estate, options, cryptocurrency, or any speculative equity/debt securities.
- **Maturity Limits:** No single investment shall have a maturity date exceeding five (5) years from the date of purchase, and ladder maturities should align with projected reserve expenditures.

7. Oversight & Reporting

- **Board Approval:** Any transfer, purchase, or liquidation of reserve fund investments requires approval by a majority vote of the Board of Directors.
- **Financial Review:** The Treasurer or Managing Agent shall provide the Board with quarterly reports detailing current reserve fund balances, yields, and maturity dates.
- **Annual Review:** The Board shall review this Policy annually to ensure continued alignment with state statutes and community needs.

8. Deviations & Amendments

The Board reserves the right to amend or repeal this Policy in accordance with CCIOA and the Association's Bylaws and Declaration.

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

Vintner's Farm Homeowners Association

Title: President, Elected Director, and/or Managing Agent:

A handwritten signature in black ink, appearing to be "A. L.", is written above a horizontal line.

Date: 9/16/26