

**RESOLUTION 2006-7**  
**REGARDING INVESTMENT OF RESERVE POLICY**

**SUBJECT:** Adoption of an Investment Policy for reserves of the Association.

**PURPOSES:** To adopt a policy for the investment of reserve funds.

**AUTHORITY:** The Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law.

**EFFECTIVE**

**DATE:** September 1, 2006

**RESOLUTION:** The Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Common Interest Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' Units in the Common Interest Community, the Executive Board determines that it is necessary to have policies and procedures for the investment of reserve funds.
2. Purpose of Reserve Fund. The purpose of the reserve fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Common Interest Community that the Association is responsible for and for such other funding as the Executive Board may determine. The portions of the Common Interest Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Executive Board of the Association shall invest funds held in the reserve funds accounts to generate revenue that will accrue to the reserve funds accounts balance pursuant to the following goals, criteria and policies:
  - (a) Safety of Principal. Promote and ensure the preservation of the reserve fund's principal.
  - (b) Return. Funds should be invested to seek the highest level of return.
  - (c) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.


- (d) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
  - (e) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
4. Limitation on Investments. Unless otherwise approved by the Executive Board, all investments will be: FDIC (Federal Deposit Insurance Corporation) insured, and/or guaranteed by the United States Government.
  5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.
  6. Independent Professional Investment Assistance. The Executive Board of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.
  7. Review and Control. The Board shall review reserve fund investments periodically to ensure the funds are receiving competitive yields and shall make prudent adjustments as needed.
  8. Reserve Study. In order to determine funding of the reserve account, the Executive Board may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Common Interest Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas ("Reserve Study").
  9. Review of Reserve Study. The Executive Board shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, at least once every three (3) years, to adjust and reflect changes in costs, inflation, interest yield on invested funds plus modification, addition or deletion of components.
  10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
  11. 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 Common Interest Community.
  12. Deviations. The Executive Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

13. Amendment. This Policy may be amended from time to time by the Executive Board.

**PRESIDENT'S  
CERTIFICATION:**

The undersigned, being the President of HISTORIC LINDEN CONDOMINIUM ASSOCIATION, a Colorado non-profit corporation, certifies that the foregoing Resolution was adopted by the Members of the Historic Linden Condominium Association pursuant to an Action by Unanimous Consent of Members executed in counterparts on April 13, 2007, June 15, 2007, and July 30, 2007, and in witness thereof, the undersigned has subscribed his name.

HISTORIC LINDEN CONDOMINIUM ASSOCIATION,  
a Colorado non-profit corporation

By:   
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President