

WINDJAMMER HOMEOWNERS ASSOCIATION
INVESTMENT OF RESERVES POLICY
30 September 2021

Authority: CRS 38-33.3-209.5, Responsible Governance Policies, Paragraph (1) (b) (VI) Declaration, Article VI, Section 603, Covenant for Maintenance Assessments

Purpose: This Policy outlines the role and use of the *Reserve Fund*. The Reserve Fund is a budgetary allocation dedicated for the financing of major projected maintenance, repair, and replacement projects related to the Common Areas (as defined in the Common Area Use Policy) and perimeter walls that fall under the responsibility of the Windjammer Homeowners Association ("**Association**"). This Policy also provides guidance and limits to how much money is allocated to the Reserve Fund.

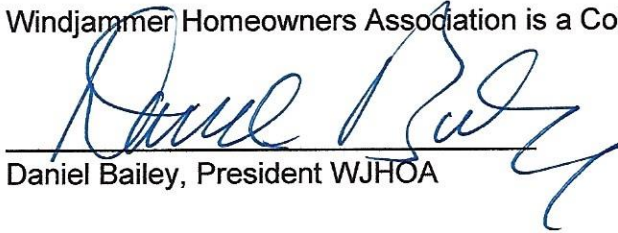
Policy:

- a. The purpose of the Reserve Fund is to finance major projected maintenance, repair, and replacement of those portions of the Common Areas and perimeter walls which are the Association's responsibility. Proper reserve planning enhances the Association's ability to adequately care for assets by having both the funds and a maintenance schedule to follow. The Association Board of Directors should systematically grow reserves to address future repairs and replacements without the need for special assessments. Whereas the Association has few assets to maintain, the Association has set aside an amount equal to or greater than 50% of the annual budget as adequate maintenance reserves.
- b. The officers and members of the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Director or officer believes to be in the best interests of the Association.
- c. Because of fiduciary concerns, the Board should only invest in guaranteed and insured investments. More risky investments require membership approval. While the Board needs to consider the best rates, the ease of tracking and accessing funds makes one institution preferable.
- d. Since the availability of the maintenance reserve funds is more important than interest gained, at least 40% of the maintenance reserve fund should be in an accessible account. Certificates with terms longer than three months should be staggered so they become available in case a major Reserve expense is needed. Other assets shall be accessible at three-month intervals without penalty. The treasurer should monitor certificate rates at the primary institution for best yield versus acceptable term length.

- e. Unless the board has determined a specific need, once the Association dues become greater than 2 times the annual collection, the board should evaluate the annual dues amount.

IN WITNESS WHEREOF, the undersigned certifies that this Policy and Procedures was revised by resolution of the Board of Directors of the Association on 30th September 2021

Windjammer Homeowners Association is a Colorado Non-profit Corporation.



Daniel Bailey, President WJHOA