

The following procedure is in accordance with Article III, Section 3.8 of the General Declaration for Oak Meadows Ranch and the Articles of Incorporation of Oak Meadows Homeowner's Association, which grant the Association the power to adopt and enforce rules and regulations within Oak Meadows Ranch; and pursuant to C.R.S. 38-33.3-101 et. seq. known as the Colorado Common Interest Ownership Act, and other applicable law.

Oak Meadows Homeowners' Association

Rule & Regulation No. 2006 - 006

Investment of Reserve Funds

WHEREAS, Article III, Section 3.4 of the General Declaration for Oak Meadows Ranch: *Property Maintenance Function* obligates Oak Meadows Homeowners' Association ("OMHA") to provide for the care, operation, management, maintenance, repair and replacement of OMHA facilities including, without limitation, roads, other facilities, open space and unimproved areas; and,

WHEREAS, OMHA members have the responsibility to fund, through common assessments, special assessments or payments into reserve funds, the care, operation, management, maintenance, repair and replacement of OMHA facilities; and,

LET IT BE RESOLVED that in order to help fund the cost of maintenance, repair or replacement of OMHA facilities, the Board of Directors adopts the following rule & regulation regarding the collection and investment of reserve funds.

1. Reserve Fund Defined

The Board of Directors shall identify all items that are OMHA's responsibility to maintain, repair or replace that have a useful life of 3 to 10 years. The Board shall assign a reasonable cost for maintenance, repair or replacement to each item based on current costs and establish a Funding Plan which takes into consideration the projected costs, contributions from members, impact of inflation, revenue generated from invested reserve funds and taxes owing on interest earned. The Funding Plan shall include monthly contributions from members adequate to meet projected costs.

2. Permitted Uses of Reserve Funds

Reserve funds are to be used only for the repair and replacement of the specific components identified.

3. Annual Review & Revision

The Board shall review and revise the Funding Plan(s) annually to reflect changes in costs, inflation, interest yield on invested funds plus modification, addition or deletion of

components. With this revised information, a new funding projection shall be used to assist in the creation of the Annual Operating and Reserve Budget.

4. Investing Reserve Funds

In order to reduce the amount of member contributions, the Board will endeavor to invest reserve funds to generate interest revenue that will accrue to the reserve funds' balance. Unless otherwise approved by the membership, all investments will be FDIC (Federal Deposit Insurance Corporation) Insured or guaranteed by the United States Government. Investments shall take into consideration the repair and replacement schedule so that there is no interest penalty for early withdrawal. The Board may hire an investment counselor to assist in formulating an investment plan. The Board shall review the reserve fund investment plan at least annually to ensure that the funds are receiving competitive yields and make prudent adjustments as needed.

Date of Adoption: SEPTEMBER 20, 2006

Date Signed: SEPTEMBER 20, 2006

Signature: 
(President, Oak Meadows Homeowners' Association)

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