

Homestead Farm II Homeowners Association, Inc.
INVESTMENT OF RESERVES POLICY

The following policy has been adopted by the Homestead Farm II Homeowners Association, Inc (“Association”) at a meeting of the Board of Directors.

Purpose: To establish appropriate governance and comply with Colorado law by adopting procedures for the investment of reserve funds to protect the Association’s assets.

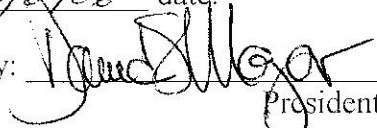
Effective Date: On date Approved by the Board of Directors

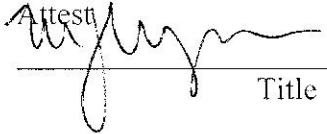
Resolution: The Association hereby adopts the following procedures governing the investment of reserve funds:

1. Responsibility for Investment Decisions. No individual Board member has sole responsibility or authority to make decisions related to investment of the Association’s reserve funds. The Board of Directors shall make all such investment decisions, which shall be documented by Board resolution.
2. Investment Criteria. Reserve Funds should be invested to generate revenue pursuant to the following goals and criteria, listed in order of importance:
 - a. Safety of Principal. Promote and ensure the preservation of the Reserve Fund’s principal.
 - b. Liquidity and Accessibility. Structure maturities to ensure availability of cash for projected or unexpected expenditures.
 - c. Minimal Costs. Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.
 - d. Return. Funds should be invested to seek the highest level of return.
3. Insurance. Unless otherwise approved by the Board, all investments will be insured e.g., FDIC, FSLIC, etc., and/or guaranteed by the US Government.
4. Hiring of an Investment Advisor. The Board may hire a qualified investment counselor to assist in formulating an investment strategy for the Association.
5. Amendment and Deviation. These procedures may be amended by the Board, and the Board may deviate from them if in its sole discretion, such deviation is reasonable under the circumstances.

Homestead Farm II Homeowners Association, Inc. The undersigned certifies that that this policy was approved and adopted by the Board of Directors of the Association at a duly called and held meeting on this

3/6/06 date.

By: 
President

Attest 
Title