CHAMBERS RIDGE TOWNHOUSE ASSOCIATION, INC.
RESERVE FUND INVESTMENT POLICY

Adopted December, 2005

The following reserve fund investment policy has been adopted by the Chambers Ridge Townhouse Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians.
The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's reserve funds. This policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

I. Investment Objectives

All funds which are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

A. Safety of Funds: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.

1. Credit Risk: The Association will minimize credit risk, the risk of loss due to the failure of the financial institution, by:

a. Limiting investments to the safest types of investments as provided for herein;

b. Pre-qualifying the financial institutions, brokers/dealers, and advisors with which the Association does business; and

c. Subject to the limitations herein, diversifying the investment portfolio so that potential losses on individual investments will be minimized.

2. Interest Rate Risk: The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by:

a. Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and

b. Investing all funds primarily in short- to intermediate-term investments, and approved money market mutual funds.

B. Liquidity of Funds: The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for the following fiscal year.

C. Types of Investments: The reserve fund portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.

D. Yield: Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board of Directors, will take into account the Association's investment risk, constraints, and cash flow needs.

II. Delegation of Authority

Responsibility for conducting investment transactions for the Association resides with the Treasurer. The President of the Board of Directors will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers. The Treasurer will provide a copy of this investment policy to all of the Association's investment service providers. Association Members will receive a copy of this investment policy from the Treasurer upon request. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. The Board of Directors shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.

III. Ineligible Investments and Transactions

The Association shall not invest in the following asset class(es):

A. Individual stocks;

B. Equity mutual funds, domestic or foreign;

C. Mutual funds consisting of bonds or mortgages and or derivatives;

D. Options on equity, debt or commodities; and

E. Floating rate securities or floating rate certificates of deposit.

IV. Selection of Banks as Depositories and Providers of General Banking Services

Banks and savings institutions shall be approved by written resolution by the Board of Directors to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in the State of Colorado, a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks failing to meet the minimum criteria, or, in the judgment of the Treasurer or Board of Directors, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

V. Reporting

On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board of Directors in a timely manner, listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Association members shall have access to the list of Association reserve fund portfolio holdings.

VI. Policy Revisions

The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

Chambers Ridge Townhouse Association, Inc.