



TANOAN COMMUNITY EAST ASSOCIATION, INC.
POLICY FOR INVESTMENT OF CAPITAL RESERVE FUNDS

The Board of Directors of Tanoan Community East Association, Inc. has established a Capital Reserve Fund to be available to pay for planned capital improvements, major infrastructure upgrades, and emergency infrastructure repairs without need to resort to borrowing or Homeowner Special Assessments.

The following resolution has been adopted by the Board of Directors ("Board") of Tanoan Community East Association, Inc. pursuant to New Mexico Statutes, at a meeting of the Board.

AUTHORITY: The Declaration, Articles and Bylaws of the Tanoan Community East Association, Inc.

RESOLUTION: The Association hereby adopts the following Policy:

1. Policy Purposes.

The purposes of this Policy are to:

- a) Manage the Association's reserve funds in a prudent manner to assure the preservation of those funds for their intended uses.
- b) Realize optimum competitive returns on the Association's Capital Reserve Fund Assets.

2. Segregated Accounts.

All liquid and non-liquid Capital Reserve Fund Assets shall be maintained in an account or accounts separate from the Association's Operating account or accounts.

3. Types of Investments.

The Board shall invest the Association's reserve funds in one or more of the following types of investments:

- a) FDIC-insured interest bearing liquid bank accounts (money market deposit accounts)
- b) FDIC- insured certificates of deposit.
- c) Money market funds that invest only in United States Treasuries and Treasury backed securities.
- d) Treasury bills, notes or bonds purchased with the intent to hold to their maturity.
- e) Any other types of investments that are (1) FDIC-insured or guaranteed by the United States government or (2) are an obligation of the United States government.

4. Liquidity.

The Board shall maintain a sufficient portion of its reserve funds in one or more liquid accounts to meet required expenditures for repairs or replacement that the Association might incur before its non-liquid assets mature.

5. Laddering of Non-Liquid Investments.

The Association's non-liquid investments should be structured with laddered maturity dates so that the investments mature during successive time periods. The length of maturities should be based on market conditions and the Association's anticipated repair and replacement needs. This laddering strategy is intended to provide the Association with the benefit of longer term interest rates, which are customarily higher than short-term rates, while maintaining sufficient liquidity to meet the Association's repair and replacement schedule.

6. Control and Review of Investments.

- Capital Reserve Fund investments must be approved by the Board of Directors.
- Signature authority for Capital Reserve Fund investments will be vested jointly in the Board President and the Board Treasurer.
- All Capital Reserve Fund Investments will be made in the name of the Association.
- Capital Reserve Fund will be included in the monthly Treasurers report.

7. Disbursements from the Capital Reserve Fund.

- Capital Reserve fund disbursements in excess of \$5000 must be approved in advance by the Board of Directors. Lesser amounts may be approved by the Board President or the Board Treasurer.
- Disbursements from the Reserve Account will be made by the financial institution in the name of the Association by written check or by debit instrument only. Management will deposit the check into the trust account of the Tanoan Community East Association.
- A complete audit trail of the transaction will be maintained in the Association records.

8. Reserve Studies.

- To determine the appropriate level of the Associations Capital Reserve Fund, the Board may commission, from time to time, reserve studies evaluating the life expectancy of those areas of the community maintained by the Association, and the anticipated cost of repairing and replacing those areas

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

This Policy supersedes any previously adopted Policy on the same subject.

This Revision Approved: 6/20/12
(Date)

Rex Robberson
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Board President