

**LAKE DILLON CONDOTEL, INC.
INVESTMENT OF RESERVES POLICY**

Effective Date: 4/21/06

In compliance with the Colorado Common Interest Ownership Act, the Board of Directors desires to adopt a uniform and systematic policy regarding investment of reserve funds.

The Association hereby adopts the following policies and procedures for investing reserve funds:

1. The Board of Directors shall establish the amount to be transferred to reserve funds on an annual basis.
2. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. treasury and government obligations, municipal bonds and other state obligations, and other investments as may be recommended by a financial advisor pursuant to the Association's investment goals. No funds shall be deposited or invested except in authorized investment funds.
3. The reserve funds shall be invested to achieve the following goals, in descending order of importance:
 - A. Promote and ensure the preservation of principal;
 - B. Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
 - C. Mitigate the effects of interest rate volatility upon reserve assets;
 - D. Seek the highest level of return that is consistent with preserving the principal and accumulated interest;
 - E. Minimize investment costs.
4. The Board may consider the following circumstances in investing reserve funds:
 - A. General economic conditions;
 - B. Possible effect of inflation or deflation;
 - C. Expected tax consequences;
 - D. Role that each investment plays in the overall investment portfolio;
 - E. Other resources of the Association.
5. All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and shall be reviewed at least once per year.
6. The President, Treasurer or Manager, if authorized by the Board, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph 3; and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of two of the aforementioned persons shall be required.
7. The Association may carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.
8. The Association's manager or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

IN WITNESS WHEREOF, the undersigned certify that the Investment of Reserves Policy was adopted by resolution of the Board of Directors of the Association this 21st day of April, 2006.

LAKE DILLON CONDOTEL, INC., a Colorado nonprofit corporation,

By: 
Its: President

ATTEST:

By: 