

**ROSEHEART HOMEOWNERS ASSOCIATION  
INVESTMENT OF RESERVE POLICY**

**STATE OF TEXAS**

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**COUNTY OF BEXAR**

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**KNOW ALL MEN BY THESE PRESENTS:**

**SUBJECT:** Adoption of an Investment Policy for reserves of the Association.

**PURPOSE:** To adopt a policy for the investment of reserve funds.

**AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Texas law.

**EFFECTIVE**

**DATE:** May 1, 2013

**RESOLUTION:** The Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.

2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.

3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies, 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 assets for projected or unexpected expenditures.

(c.) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.

(d.) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.

5. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.

6. Review and Control. The Board will review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

7. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").

8. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

9. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Texas governing the community.

10. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

11. Amendment. This policy may be amended from time to time by the Board of Directors. The foregoing Policy was adopted by the Board of Directors of Roseheart Homeowners Association at a duly-called meeting at which a quorum was present, as certified by the signatures of the President and Secretary of the Association below.

Signed the 1st day of May, 2013.

ROSEHEART HOMEOWNERS ASSOCIATION,  
A Texas Non Profit Corporation

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Richard Cope, President

ATTEST:

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Sandra Drummond, Secretary

**STATE OF TEXAS**           §  
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**COUNTY OF BEXAR**       §

Before me, the undersigned notary public, on this day personally appeared Richard Cope, President of Roseheart Homeowners Association, known to me or proved to me by presentation to me of a governmentally-issued identification card to be one of the persons whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed it for the purposes and consideration expressed in it.

Given under my hand and seal of office the 1<sup>st</sup> day of May, 2013.

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Notary Public, State of Texas

**STATE OF TEXAS**           §  
  §  
**COUNTY OF BEXAR**       §

Before me, the undersigned notary public, on this day personally appeared Sandra Drummond, Secretary of Roseheart Homeowners Association, known to me or proved to me by presentation of a governmentally-issued identification card to be one of the persons whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed it for the purposes and consideration expressed in it.

Given under my hand and seal of office the 1<sup>st</sup> day of May, 2013.

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Notary Public, State of Texas

**AFTER RECORDING RETURN TO:**  
Roseheart Homeowners Association  
1600 N.E. Loop 410, Suite 202  
San Antonio, TX 78209