

**KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.**  
**AMENDED & RESTATED POLICIES AND PROCEDURES**  
**FOR RESERVE PLANNING, FUNDING**  
**AND INVESTMENT MANAGEMENT**  
**(Amended and Restated - 2026)**

**Subject:** Adoption of a policy regarding reserve planning, funding and investment management.

**Purpose:** To revoke and replace any previously adopted rules or resolution of the Keystone Ranch Homeowners Association (“Association”) concerning reserve planning, funding and investment management with the policies and procedures set forth below for such purpose.

**Effective Date:** 6-19-2026

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1. Purpose. In order to keep Keystone Ranch (“Project”) in good repair and to sustain the market values of Owners’ Units, the Board establishes this Policy for Reserve Planning, Funding and Investment Management.

2. Reserve Study. The Board shall conduct a Reserve Study at such times as it deems appropriate, in the Board’s reasonable discretion, for those common elements of the Association to be maintained, repaired, replaced or improved by the Association (the “Components”). A Reserve Study may be based on a physical analysis and/or financial analysis, in the Board’s reasonable discretion. The Reserve Study prepared by the Board may be an informal study performed by the Board, or the Board may retain professional assistance in the preparation of the Reserve Study. The Study will:

- a. Assign a reasonable useful life to each Component.
- b. Assign a reasonable cost of repair or replacement to each Component based on current costs for the area.
- c. Set forth a reasonable repair & replacement schedule that identifies when work will be performed on each Component, and which, in calculating the cost of each repair or replacement, takes into account the cost of inflation.
- d. Establish a funding plan for reserve accounts, including projected sources of funding for such accounts.

3. Reserve Study for Amenities Serving Association. There are certain amenities serving the Association that the Board is obligated, or has agreed, to maintain, repair, replace or improve (or financially contribute towards such obligations), such as the water system and pool serving the Association (the “Serving Amenities”). The Board may rely upon a reserve study prepared by the owner of such Serving Amenity or another party benefitted by such Serving Amenity, in the Board’s reasonable discretion, to evaluate reserves. In the event the Board is permitted access to the requisite information and facilities, it may also, at such time it deems appropriate and in its reasonable discretion, commission a study to assist in determining reserve needs.

4. Annual Updates. In each year that a Reserve Study is not conducted, an update shall be performed by the Board to reflect prevailing conditions, changes in costs, inflation, interest yield on invested funds, and any unexpected variations from the most recent Reserve Study.

5. Commingling of Reserve Funds. Reserve funds shall be held in one or more reserve accounts ("Reserve Fund") and shall not be commingled with the Association's general operating fund.

6. Funding Plan for Reserves. Reserves shall be funded primarily from common assessments and the generation of investment income upon Reserve Funds.

7. Investment of Association Funds. All investments shall be in the name of the Association. The Board shall invest reserve funds to generate revenue that will accrue to the Funds pursuant to the following goals listed in order of importance:

a. Safety of Principal. The long term goal is safety of the Association's principal.

b. Liquidity and Accessibility. Structure maturities to ensure availability of projected and unexpected expenditures.

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

d. Diversify. Mitigate the effects of investment volatility upon reserve assets.

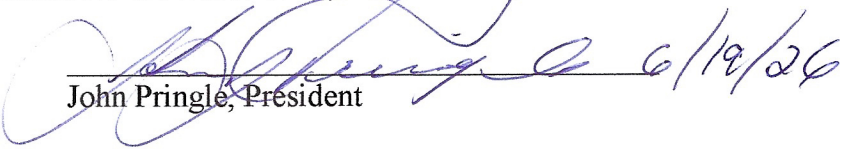
e. Return. Invest funds to seek the highest level of after-tax return.

8. Independent Professional Investment Assistance. The Board may hire an investment counselor to assist in formulating a specific investment plan.

9. Control and Review. All accounts and investment instruments shall be subject to the approval of, and may from time to time be amended by the Board as appropriate, and shall be reviewed at least annually.

#### CERTIFICATION

I hereby certify that I am the duly elected and acting President of Keystone Ranch Homeowners Association, Inc., and that the foregoing Resolution was duly adopted by action of the Board of Managers of Keystone Ranch Homeowners Association, Inc. effective the date set forth above.

  
John Pringle, President