

Sample Reserve Investment Policy

Reserve Investment Policy For XYZ Homeowners Association

For Fiscal Year 20XX

Provided as a courtesy by Association Reserves.

Please customize as appropriate and review with appropriate legal and accounting professional counsel

Investment of Reserves

The Board of Directors of the Association shall invest funds held in the Reserve accounts to generate revenue that will accrue to the Reserve Fund 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. Investment costs (redemption fees, commissions, and other transactional costs) should be minimized.
- d) Diversity. Mitigate the effects of interest rate volatility upon Reserve assets
- e) Return. Funds should be invested to seek the highest level of return.

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.

Investment Strategy

The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach. This will be done after referencing the Reserve Study to ensure anticipated liquidity needs of the association are met.

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. We believe the threshold for hiring a qualified investment counselor becomes significant when our Reserve Fund balance exceeds \$500,000.

Review and Control

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

Policy Approved by Board at meeting on _____

President's Signature _____ Date: _____

Secretary's Signature _____ Date: _____

Treasurer's Signature _____ Date: _____