



INVESTMENT POLICY STATEMENT

1. **PURPOSE:** The purpose of this Investment Policy Statement is to set forth operating procedures to guide the administration of the investment portfolio of the 3 Cherry Way Homeowners Association, hereinafter called the "Association". The procedures set forth below are to be followed by the Audit / Investment Committee hereinafter called the "AIC" and operating personnel when carrying out the investment policy.
2. **AIC COMPOSITION:** The AIC shall be composed of:
 - a. The Association Treasurer;
 - b. Two (2) members of the Association Membership;
 - c. An additional resource of the Association's financial advisor and/or management agent.
3. **ROLE OF THE AIC:** The role of the AIC is to serve as advisor to the Board of Directors on investment related financial issues, including opening new accounts, recommending portfolio strategies consistent with investment objectives, and recommending decisions on specific investments.
4. **SIGNATURE AUTHORITY:** Signature authority for operating accounts will be delegated to the Treasurer and one other Association Officer or to the Management Agent. Signature authority for reserve accounts will be delegated to the Treasurer and one other Officer of the Association.
5. **INVESTMENT OBJECTIVE:** The main function of the Association is to provide property management services for Owners of the community. This is accomplished by collecting fees, managing assets, and executing the annual operating plan of the community. The primary investment objective is to ensure that the operating resources and longer-term reserves are available for Association purposes when needed, while earning a positive return consistent with the good credit risk and high liquidity needs of this purpose.
6. **PORTFOLIO COMPOSITION:** In light of the investment objectives set forth above, the portfolio should be composed of assets with the following characteristics:
 - a. A low degree of credit risk;
 - b. A low degree of market risk resulting from changes in the level of interest rates and inflation;
and
 - c. A high degree of liquidity (marketability) in the event of an unforeseen requirement for use of the assets.



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7. **AUTHORIZED INVESTMENTS:**

- a. US Treasury Securities / Direct Obligations of the US Treasury possess no credit risk.
- b. Federal Agency Securities- Single Maturity / Issues of federal agencies possess little or no credit risk. Callable and step up securities are permitted.
- c. FDIC Insured CD / Negotiable and non-negotiable Certificates of Deposit of any domestic commercial bank, savings and loan association, or savings bank may be acquired if the deposit is insured by the FDIC or FSLIC.
- d. Mutual Funds / U.S. Government Money Market Funds

8. **MATURITY OF INVESTMENTS / INTEREST RATE RISK:**

- a. Normally, the AIC shall recommend investments with a single maturity or weighted average life of five years or less.

9. **COMMITTEE PROCEDURES AND REVIEW:**

- a. The AIC will periodically review current and future liquidity and portfolio positions, and present the results, with any recommendations, to the Board.

10. This policy Statement shall be reviewed periodically by the Board of Directors and the Investment Committee and amended as circumstances warrant.