

Arbor Trace Homeowners Association of Indian River County, Inc.
c/o Keystone Property Management Group, Inc.
2001- 9th Avenue, Suite 308
Vero Beach, FL 32960
(772) 569-7928

Reserve Assets Investment Policy

We, the undersigned, members of the Board of Directors of Arbor Trace Homeowners Association of Indian River County Inc. a corporation organized under Chapter 617 of Florida State Statutes approve the following policy:

The Board of Directors desire to manage reserve Assets as good stewards, and to that end, the following reserve Assets investment policy is adopted.

Objectives

The reserve assets shall be invested to achieve these objectives:

- Not risk loss of principal;
- Ensure that adequate liquid Assets will be available for coming year reserve needs;
- Achieve highest long-term investment performance.

Fund Categories

Liquid Assets:

Liquid Assets constitute the amount required to meet reserve expenditures in the upcoming year. On an annual basis, the board will review the reserve schedule for the upcoming year to determine anticipated Liquid Assets required for expected expenditures plus a twenty percent cushion.

Non-Liquid Assets:

Non-Liquid Assets are reserves funds over and above the Liquid Assets.

Investment Strategy

Liquid Assets:

Liquid Assets will be invested in Money Market or Savings Accounts which do not have early termination penalties.

Non-Liquid Assets:

Non-Liquid Assets will be invested in federally insured accounts and/or securities that have maturities of three months or more. If Assets permit, securities with varying maturity dates (laddering strategy) will be purchased rather than investing a lump sum in one security with one maturity date. (Laddering allows securities to mature at various times so some Assets come available periodically without invoking early termination penalties.) If interest yields are relatively low, the Board will invest for shorter terms with the anticipation that rates will rise in coming months. If rates are relatively high, the Board will invest for longer terms to take advantage of the higher yield.

Reserve assets grow from reserve contributions as well as from interest earnings and are initially classified as Liquid Assets. These Assets become investable if they are in excess of the Liquid Assets requirements. These Assets can be combined with proceeds from laddered securities as they mature or purchase new laddered securities.

Approved Investment Classes

- Savings accounts
- Money market accounts
- Certificates of deposit in FDIC insured financial institutions not to exceed the limit of FDIC insurance.
- Treasury bills, notes or bonds.

Review & Control

- All investments will be purchased in the name of the homeowner association.
- The signatures of the President and Treasurer are required for withdrawals or transfers of reserve Assets.
- The Board will review regular financial statements and make adjustments as needed to ensure Objectives are being met.

Approved October 28, 2010

Sam Golladay
President

Donnie Sumner
Vice President

Malcolm Reding
Secretary/Treasurer

Tony Gervasio
Director

David Vatland
Director