

CHABOT PARK HIGHLANDS ASSOCIATION

HOA RESERVE FUNDS INVESTMENT POLICY

We, the undersigned, Members of the Board of Directors of Chabot Park Highlands Association, a non profit corporation under the laws of the State of California, do approve the following policy:

WHEREAS the Board of Directors desires to manage reserve funds as good stewards,

BE IT RESOLVED THAT the following reserve funds investment policy be adopted:

Goals & Objectives – The reserve asset shall be invested to achieve these objectives:

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

Investment Strategy:

A. Base Liquid Funds On a annual basis, the Board will review the reserve schedule for the upcoming year to determine anticipated funds required for expected expenditures plus a twenty percent cushion. This amount constitutes the “Base Liquid Funds”.

B. Non-Liquid Funds over and above the Base Liquid Funds will be invested as follows:

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

New Funds - Liquid portion of the reserve assets grow from interest earnings as well as from reserve contributions and become investable if they are in excess of the Base Liquid Funds. These funds can be combined with proceeds from laddered securities as they mature or purchase new laddered securities.

Approved FDIC Investment Classes:

- Savings Accounts
- Money Market Accounts
- Certificate of Deposit in FDIC insured financial institutions with no more than \$100,000 in any such institution, unless additional private deposit insurance is provided by the bank.

Review & Control:

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

Approved on January 8, 2009 by the Board of Directors.