

**Garrett Farms Homeowners Association**  
**INVESTMENT POLICY RESOLUTION (#2009-01)**

**1. PURPOSE:** This Investment Policy Resolution (IPR) outlines the objectives, goals, and guidelines for the Garrett Farms Homeowners Association Board of Directors (Board) in managing and investing the reserve funds accumulated over time from Homeowner dues and other and all income sources flowing into the Garrett Farms Homeowners Association (Association).

**2. INVESTMENT OBJECTIVE:** The investment objective of the Board is **PRESERVATION OF PRINCIPAL**. Consequently, with this stated investment objective, the investment goal should be the primary purpose of preserving the principal cash balance(s) for future expense needs and/or reinvestment into the infrastructure, equipment, maintenance, acquisition, repairs associated with the prudent, ongoing, oversight and management of the Garrett Farms residential & commons community. A secondary objective is the maximization of interest and/or dividend income derived from prudent investments that can reasonably be expected to accomplish the primary investment objective – preservation of principal.

This objective may be changed by a majority vote of the currently elected Board Members only after a “due cause” presentation is made by the Treasurer or other appointed Board Member(s) who would act in the capacity of Chairman of the Board Investment Committee.

**3. SUITABLE INVESTMENT PRODUCTS:** It is the opinion of the Board that appropriate investment products/securities to accomplish the **INVESTMENT OBJECTIVE** stated above would be as follows:

- i) Bank, Thrift or Credit Union Certificates of Deposit.
- ii) Money Market Mutual Funds.
- iii) Bank or Thrift or Credit Union Checking, Savings, Money Market Savings accounts.
- iv) Government Guaranteed Securities (US Government-Backed Notes, Bonds; Agency Bonds (Ginnie Mae; Fannie Mae, Freddie Mac, Sallie Mae).

- v) **Structured Products/Notes if they are fully secured by an underlying Bank, Thrift, Credit Union Certificate of Deposit.**

This list of suitable investment products should be reviewed on at least an annual basis by the Board and Investment Committee (if established), and particular investment products/securities should be deleted or added as deemed appropriate to accomplish the stated INVESTMENT OBJECTIVE (see #2).

4) **INVESTMENT STRATEGY:** The investment strategy should be in accord with the stated financial needs and cash flows as determined by the Board. Strategies such as “laddering” the maturities of investment products/securities to coincide with the stated needs for available funds should be strongly considered. Other strategies to consider would be “buckets” strategy whereby Association funds were managed in such a way as to keep a Board-determined sufficient amount of readily-available (“liquid”) funds for immediate needs/uses and then investing the remaining available funds in accord with medium and longer term anticipated needs.

5) **EXCEPTIONS:** In the event of a majority of Board approval, due to a documented unforeseen financial need/emergency arising, it is permitted to sell invested securities before their stated maturities, but **ONLY AFTER** careful and thorough consideration of all other realistic and feasible alternatives have been considered, discussed, explored and documented in the Board Minutes. It is hereby known and understood that such sales of securities prior to their stated maturities may result in fees, commissions, surrender charges being incurred and current market conditions may dictate that a partial or full loss of investment principal may result.

6) **FEES:** It is acceptable that the Board may choose to purchase acceptable investment products through the services of a qualified and registered Investment Broker, Advisor or Planner. Consequently, there may be fees and/or commissions associated with the engagement of such professionals and/or the investment products they provide. If in the majority approval of the Board, it is deemed appropriate to work through such Investment Broker, Advisor or Planner, only after thorough due diligence has been conducted by the Treasurer and investment options have been presented to the Board (or Investment Committee) for their consideration and vote of approval,

