

Pinestone of Palmer Ranch Homeowners Association
4255 Players Place, Sarasota, Florida 34238

Reserve Funds Investment Policy

We, the undersigned members of the Board of Directors of Pinestone at Palmer Ranch Homeowners Association, a corporation organized under Chapter 617 of Florida State Statutes approve the following policy:

- I) In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds and to protect the market value of the owners' homes and livability in the Community, the Board of Directors believes it is prudent to have policies and procedures for the investment of reserve funds.
- II) The purpose of the Reserve Funds is to finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited, but reasonably predictable, useful lives.
- III) The Board of Directors of the Association shall invest funds held in the Reserve Account(s) to generate revenue that will accrue to the Reserve Funds account balances pursuant to the following goals, criteria and policies, listed in order of importance:
 - a) Safety of Principal: To protect these funds from loss of principal, they shall be invested only in instruments that are FDIC insured or backed by the full faith and credit of the United States government, including CDs, savings accounts, money market accounts, U.S. Treasury and agency securities, unless otherwise approved by the Board of Directors. No bank deposit shall exceed the FDIC limit.
 - b) Liquidity and Accessibility: The funds shall be invested in instruments with maturities structured to ensure that adequate liquid assets will be available for projected or unexpected expenditures.
 - c) Minimal Cost: To retain the maximum amount of earnings, investment costs such as commissions, fees and redemption costs should be minimized.
 - d) Diversification: To mitigate the effects of interest rate fluctuations, the funds shall be invested in instruments of differing maturities.
 - e) Independent Professional Investment Adviser: The Board of Directors may hire a qualified investment adviser to assist in formulating and executing an appropriate investment strategy consistent with these criteria.