

AMERICAN VILLAGE HOMEOWNERS ASSOCIATION, INC.
INVESTMENT OF RESERVES AND RESERVE STUDY

POLICY #8

1. Reserve Study. General Common Elements typically have limited but reasonably predictable useful lives. The Association may have one or more reserve studies performed for all or portions of the General Common Elements. Reserve studies may be updated by the Association as determined by the Board. The reserve study may be based on a physical analysis and a financial analysis. The Association may consider implement a funding plan for work recommended by the reserve study. The Association budget shall collect "Reserve Funds" in such amounts, categories and proportions as the Board and the Owners shall determine via the Association budget approval process.
2. Investment of Reserve Funds. The Board's decisions with regards to management and investment of the Reserve Funds shall made in a fiscally responsible manner so as to ensure safety and liquidity and to provide the best return within a reasonable level of risk. Professional investment advice may be sought. Investments shall be made to avoid inappropriate concentrations. The Board may hire one or more qualified investment counselors to assist in formulating investment strategies. The Board shall review the Association's investments periodically to ensure that the funds are appropriately managed and shall make prudent adjustments as needed.

This Policy Investment of Reserves and Reserve Study was adopted by the Board of Directors on the ___ day of _____, 20___, effective the ___ day of _____, 20___, and is attested to by the Secretary of American Village Owners Association, Inc.

_____ Secretary