

LAKE MANASSAS RESIDENTIAL OWNERS ASSOCIATION, INC.
ADMINISTRATIVE RESOLUTION 2010-06
INVESTMENT GUIDELINES

WHEREAS, Article III.C of the Bylaws (“Association Documents”) of Lake Manassas Residential Owners Association, Inc. (“Association”) establish that the Board of Directors (“Board”) shall have all of the powers and duties necessary to administer the affairs of the Association; and

WHEREAS, Article III.C, Section 17(g) of the Bylaws establishes that the Board shall have the authority to open bank accounts on behalf of the Association and designate the signatories required; and

WHEREAS, Article X of the Declaration and Article III.C, Section 17(b) of the Bylaws require that the Board annually adopt a budget for the Association and that the budget include funds for working capital, Common Expenses, Maintenance Assessments, Special Assessments, Services Assessments and replacement reserves; and

WHEREAS, the Board deems it prudent to establish a policy for the investment of Association working capital funds, reserve funds and other funds that may not be needed to conduct the ordinary day-to-day financial business of the Association, in order to fulfill its fiduciary responsibilities to the members of the Association.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following policies for the investment of Association working capital funds, reserve funds and, when applicable, the Association’s excess operating funds. The primary objective is to preserve investment capital while at the same time gaining the maximum rate of return and maintaining liquidity.

Investment Guidelines

1. In accordance with Section 26-40.01 of the Code of Virginia and to fulfill its primary objective of preservation of capital, the Board hereby requires that funds of the Association be invested only in obligations of the United States, or certificates of deposit insured by the Federal Deposit Insurance Corporation (FDIC). Also, financial institutions used for such investments shall have undergone a due diligence review by the Financial Consultant or, in the absence thereof, the Board Treasurer. Investments in other types of securities will be considered by the Board on a case-by-case basis.
2. Excess funds not needed for day to day operations of the Association, including replacement reserves and self insurance, are to be invested in interest bearing accounts as soon as practical. Monies needed for operating expenses will be invested in a money market account. Investments should be as free from loss of risk or price fluctuations as possible and should be marketable securities. It is the Board’s intention to hold all securities until maturity unless needed for emergency purposes as specifically authorized by the Board.

3. Notwithstanding the foregoing, only securities enumerated in Section 26-40.01 of the Code of Virginia as conclusively deemed to be prudent are authorized for investment of Association funds.
4. Under no circumstances will any Association funds be invested in any of the following securities: common or preferred stock, commodities, options, futures, annuities, partnerships or mortgages.
5. All investment accounts will be in the name of the Association with those persons designated by the Board named as authorized signatories, and two authorized signatures will be required for transfer or release of the funds.
6. Interest earned will be invested by the Financial Consultant unless the Financial Consultant is directed to transfer such interest to the operating fund of the Association under the control of the Management Agent.

Responsibilities of the Financial Consultant, By Agreement

It is agreed that the Lake Manassas Residential Owners Association (“Association”) will enter into a relationship with a Financial Consultant (FC) for purposes of investing the Association’s designated assets. The terms of the Agreement between the Association and the Financial Consultant, shall be as follows:

1. FC shall provide the Association with a current certificate of insurance evidencing that FC has in force a third party corporate Fidelity or Surety Bond in an amount no less than the amount of the Association’s funds in the care and custody of FC.
2. FC will not at any time have discretion over the assets of the Association.
3. Association is responsible for appointing a representative, or representatives to coordinate activities with the FC.
4. It will be the Association’s Board’s decision, as conveyed to FC through the representative(s), on how to wisely invest.
5. FC will invest assets as instructed or agreed to by the representative(s) of the Association if these instructions are suitable and consistent with prudent investing principals.
6. FC shall make itself reasonably available to answer questions posed by the Board, via its representative.
7. FC will take unsolicited orders from their representative(s) on behalf of the Association.
8. Where appropriate, FC will make recommendations to the representative(s)
9. FC will try to limit recommendations to the guidelines set forth by the Association, but it is the representative(s) responsibilities to be aware of what is allowable and only authorize transactions for those investments.

10. FC shall meet with the Board and/or its Budget and Finance Committee to present an annual report on investment performance, and at such other times as may be necessary.
11. FC shall cooperate and supply such information as is needed to the Association's auditor for preparation of the annual audit report.
12. This agreement can be terminated at any time by either party, without cause and without penalty.

Responsibilities of the Board, Treasurer, and Management Agent

1. The Treasurer is the principal Board officer responsible for Association funds and securities and will serve as the liaison with the Managing Agent and the Financial Consultant. The Treasurer has the authority to act within the guidelines of this resolution to direct the Management Agent and/or Financial Consultant to purchase and sell securities on behalf of the Association. The Treasurer has the responsibility to report to the Board at its regular meetings on the status of these investments. In the event the Treasurer is not available the President shall act in the Treasurer's place.
2. The Treasurer, Management Agent and Financial Consultant will develop a schedule of securities with maturity dates aimed at maximizing return while assuring that the Association has the necessary cash on hand to fund future capital replacement expenses.
3. The Board is ultimately responsible for all investment decisions regarding funds invested and will be accountable for the objectives indicated herein, with the exception of:
 - a. Violation of any specific guidelines set forth in this document; or
 - b. Actions taken by the Financial Consultant that are not consistent with this document, all applicable laws or commonly accepted industry standards.

To assure the orderly transition of management of the funds by the Financial Management Agent to the Financial Consultant, the Board hereby directs the Financial Management Agent to provide the Financial Consultant with a current schedule of Association investments, including the issuer, rate of return, and expiration date.

Purchase of Investments

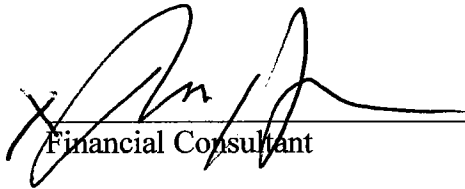
In furtherance of the primary objective outlined in these Guidelines, the Board of Directors hereby authorizes the following procedure for the purchase of investments of not more than \$250,000 at any one time, in any single investment, and for periods no longer than 7 years:


1. From time to time as fund balances in the operating account or short term, low interest bearing investment accounts reach levels where purchase of higher interest bearing instruments is warranted, the Financial Consultant and Management Agent will provide recommendations for such investment to the Treasurer.

2. Following the recommendation, the Treasurer and President shall agree on a course of action for investment. Approval by the Treasurer and President of a recommended purchase shall thereupon authorize the Treasurer to notify the Financial Consultant or Management Agent to make the recommended investment purchase.
3. The Treasurer shall report the action taken to the Board, and the Board shall ratify the action at the next regularly scheduled meeting of the Board.
4. In the absence of either the Treasurer or the President the Vice President is authorized to act under the terms of these Guidelines.

The guidelines stated herein will be in force at all times and apply to any Financial Consultant and Management Agent employed until the Board directs otherwise in writing.

The Financial Consultant selected by the Association and the Management Agent agree to accept and abide by this Resolution and Guidelines.


Financial Consultant


Management Agent

**LAKE MANASSAS RESIDENTIAL OWNERS ASSOCIATION, INC.
Resolutions Action Record**

Resolution Type: Administrative No. 2010-06

Pertaining to: Investment Guidelines

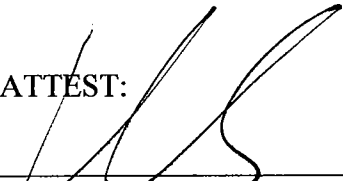

Duly adopted at a meeting of the Board of Directors held: October 28, 2010.

Motion by: Mr. Lopez

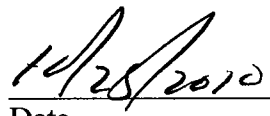
Seconded by: Mr. Watkins

VOTE

	YES	NO	ABSTAIN	ABSENT
_____ President, Errol Unikel	X			
_____ Treasurer, Henry Lopez	X			
_____ Secretary, Ted Brewer	X			
_____ Director, Warren Watkins	X			
_____ Director, Ed Long	X			

ATTEST:  

Secretary, Ted Brewer



Date

FILE:

Book of Minutes - 2010

Book of Resolutions:	Book No.	Page No.
Administrative	_____	_____
Policy	_____	_____
Regulatory	_____	_____
Special	_____	_____
General	_____	_____

Resolution effective: November 10, 2010