

FOREST LAKES

POLICY ON THE TRANSFER OF FUNDS

Definitions:

PRIMIS BANK Direct Deposit Account – Cash Receipts: This account is used to deposit income received that is not assessment fee based. This would include newsletter income, pool pass income, building rental income, etc. and is quicker and more convenient method than creating many small individual transactions through the standard Community Group system. This account allows for the timely deposit of cash receipts. It has no fees, earns market rate interest, and is FDIC insured up to the maximum levels in effect.

Pacific Premier (Direct Deposit Account – Operating): This is the main operating account. All assessment fees are deposit into this account and standard operating and reserves invoices are paid via this account. Management currently has an internal flagging system established that prevents this account balance from dropping below \$20,000 – transfers from the Money Market Account below would be made by Community Group in this case. There are no monthly fees and no interest is paid on this account. Currently, all funds are FDIC insured with no maximum dollar limit, under a new FDIC program for non-interest bearing accounts. In the even of changes to this regulation, this account together with the Money Market Account, would be considered a single account and subject to whatever maximum limits on FDIC insurance apply at that time.

Pacific Premier Money Market Account: This account is used to place fund in excess of those needed for the day-to-day operation of the community. Funds are transferred into and from this account based on cash flow needs. The account earns interest at current money market rates. There are no monthly fees, but transfers out are limited to 6 per month (no limit on transfers in). This account is FDIC insured.

Pacific Premier Certificates of Deposit (CDs): When amounts in the Money Market Account approach or exceed the FDIC insurance limited, “excess” funds are placed into CDs. Pacific Premier acts as the agent for these CDs, which are each with separate banks and never with Pacifica Premier directly. Each CD is FDIC insured up to the current maximum in effect. Durations can vary, but the typical duration is likely to be 3 to 6 months, depending on the projections for future cash needs. CDs can be redeemed at any time but have early withdrawal penalties. When a CD has matured, Pacific Premier will place the proceeds into the Pacific Premier Money Market Account.

Primis Bank – Site Miscellaneous Payments: This account maintains a maximum balance of \$5,000.00 and is used to pay for office expenditures such as supplies, social event items, and other miscellaneous office items, through a debit card. The account incurs no fees and earns no interest. Receipts are turned in to Community Group for reimbursement to the account.

Procedures:

Primis Bank: This account will be reviewed quarterly by Community Group and any funds in excess of \$1,000.00 will be transferred to the Pacific Premier Operating Account.

Pacific Premier Operating Account: A review of the needs of this account will be conducted by Community Group on the first and third Tuesday of each month. The first review of the month will be to determine cash flow needs for the entire month. Any amounts that exceed fifty percent of the level of funds required for that month will be transferred to the Premier Bank Money Market Account. The second review of the month will look at the cash flow experience from the month, and funds will be transferred to or from the Money Market Account as needed. If experience matches projections, then the second review will result in a second transfer of fifty percent of monthly cash flow needs, from the Money Market Account to the Operating Account. In addition, funds will be transferred from the Money Market Account to the Operating Account in situations where the cash balance in the Operating Account has fallen below \$20,000 and a notification has been triggered by the system (see above).

ARE ABOVE and BELOW IN BLUE STILL DONE??

Pacific Premier Money Market Account: Each of the two monthly reviews above by Community Group will include a review of the Pacific Premier to insure that it does not exceed the FDIC insurance limit currently in effect. In the event that the limits are projected to be exceeded, Community Group will make longer term cash flow projections to determine appropriate CD durations and work with Pacific Premier on a recommended plan for specific CDs to be purchased. Prior approval will be obtained from the FLCA Board Treasurer for all CD purchases.

Primis Bank – Site Miscellaneous Payments: This account is replenished a minimum of once per month. When funds are expended amounts are posted to relevant accounts and replenishment of this account is made via the Pacific Premier Operating Account.