

Talk to us today. Let's find a better way.



For more information, contact:

Ggregory@obsidianllc.com

Glenn Gregory

(425) 558-5658



Obsidian | Investment
Advisers, LLC
PO Box 3423 | Redmond, Washington 98073
www.obsidianllc.com

Association Investment Solution

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A Program for Prudent Investment of Reserves

FACING THE CHALLENGE

A key responsibility of a HOA Board of Directors is overseeing its Reserve Fund, which is dedicated to the repair, maintenance and replacement of common elements. These funds ensure the HOA can meet these future obligations to keep material and equipment in the common areas of their development in good condition.

Ultimately, the goal is to help meet the financial responsibilities of the HOA by adding revenue from prudently invested reserves. But often there's little flexibility in annual budgets, and charging special assessments is typically not preferred.

In today's era of economic uncertainty and market volatility, finding safe investments with yield is no small feat. Yet many HOA Boards do not have the financial expertise to manage reserve funds, and Property Managers usually aren't legally registered and qualified to offer investment advice.

Questions abound: How can the Association's assets best be invested to offset future expenses? Are there other securities that offer government insurance like CDs, but with greater returns? Such questions can be overwhelming. Today's investment landscape is mined with unforeseen risks that could lead to lower investment returns on Reserves over time, and funds insufficient to meet future obligations.

THE RESERVE INVESTMENT PROGRAM

Obsidian Investment Advisers, LLC is a fee-only registered investment advisory firm that professionally manages investment portfolios. For over a decade, we have served as a fiduciary by advising individuals, institutions, and non-profits on their investments.

We created a full suite of services to provide comprehensive professional advice to HOA Boards for the ongoing investment of their reserve funds. Our compensation is straightforward: a fee calculated as a small percentage of the funds we manage. We do not charge commissions, and do not earn fees on trading.

Services can include:

- ✓ Crafting an Investment Policy Statement consistent with the HOA Declaration and Bylaws.
- ✓ Examining state law to ensure compliance.
- ✓ Helping Boards better understand the future financial obligations outlined in their Reserve Study.
- ✓ Implementing an Investment Plan specifically tailored to the Board's goals and budget requirements.
- ✓ Seeking the highest risk-adjusted rate of return.

Obsidian is a member of the



Our portfolio managers also have in-depth experience working with HOA treasurers and managers, and we fully understand your primary objective: To match the inflow of funds with the outflow of cash needed for capital expenditures using only US government-insured securities.

For example, where appropriate, we match the maturities of higher yielding instruments to the repair schedule of common elements. This typically involves combining shorter term/lower yield CDs with longer term/higher yield investments, to achieve the highest risk-adjusted rate of return possible.

These investment returns help meet projected expenses while moderating the need for dues increases and/or special assessments. Our strategy also accommodates liquidity, allowing securities to mature at various times so funds become available periodically without invoking early termination penalties.