

SAFEGUARDING INVESTMENTS AND COMPLIANCE WITH THE DAVIS STIRLING ACT



Davis Stirling Act Insight

Within the Davis Stirling Act, specifically in section 5380 (b)(2), a clear mandate stands: "All of the funds in the account are covered by insurance provided by an agency of the federal government." [1]

We currently recommend purchasing Certificates of Deposit (CDs) in amounts less than guarantee the safety of both principal and interest. Treasury bills (T-bills) also align with the stipulations of the Davis Stirling Act, as Treasury Bills are issued by the U.S. Department of Treasury, an executive agency dedicated to the economic and financial security of the United States. [2] [3]

Furthermore, T-bills offer the added benefit of being exempt from state income tax. [4] According to the Davis-Stirling Common Interest Development Act, based on our recommendations, T-bills are ranked as one of the safest investments, followed by Certificates of Deposit, and then Money Market funds in terms of risk. [5]

Our Investment Approach

At Capital CS Group, exclusively using HOA Invest, we expertly utilize both Treasury Bills (T-bills) and Certificates of Deposit (CDs) in our investment approach. We meticulously evaluate the tax-equivalent yield of these options, consistently selecting the one that offers the highest yield at any given time, all while keeping your HOA's safety and the opportunity cost of staying invested in mind.

Fidelity Bond Insurance Considerations

When it comes to protecting your HOA's finances, fidelity bond insurance, which is mainly intended to cover losses due to criminal activities, may not provide sufficient compensation for losses incurred from investments that lack federal agency backing, like T-bills and CDs. This is where our specialized knowledge and experience become valuable. [6]

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Exclusively Offering

PATENT
TECHNOLOGY
PENDING
HOA  Invest

Maximizing Returns

Your HOA's financial growth is our top priority. Our approach includes a thorough analysis of tax-equivalent yields to consistently select the investment offering the safest and highest yield, benefiting your community's financial well-being.

Security First

Unlike fidelity bond insurance, which may not fully compensate for losses from investments not backed by federal agencies, we prioritize your financial security. T-bills and CDs offer unparalleled safety, and we manage them with precision under the protective umbrella of brokerage accounts. [2] [6]

Trust the Experts

Our seasoned financial advisors ensure investment consistency across different boards, providing you with the peace of mind you deserve. We also encourage boards to tap into external professionals who specialize in capital preservation and consult with advisors well-versed in Davis Stirling Act requirements. [7] [8]



[1] Davis Stirling Act-<https://www.davis-stirling.com/HOME/Statutes/Civil-Code-5380>

[2] Brokerage Accounts- <https://www.davis-stirling.com/HOME/I/Investments>

[3] US Department of Treasury- <https://home.treasury.gov/about/general-information/role-of-the-treasury#>

[4] T-Bills: State Tax-Free and US Government Guaranteed- <https://www.davis-stirling.com/HOME/T/Treasury-Bills-T-Bills>

[5] Hierarchy of risk to investment principal- <https://www.davis-stirling.com/HOME/I/Investing-Reserve-Funds>

[6] Fidelity bond-<https://www.davis-stirling.com/HOME/I/Investing-Reserve-Funds>

[7] Financial Advisor- <https://www.davis-stirling.com/HOME/I/Investment-Adviser>


[8] Investing Reserves-<https://www.davis-stirling.com/HOME/I/Investing-Reserve-Funds>


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