

FORESIGHT PARK OWNERS ASSOCIATION, INC.

Investment Policy and Procedure

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for enforcing policies rules and regulations and other governing document of the Association.

1. Scope:

To adopt a procedure and policy outlining procedures to be followed for investing replacement reserves.

2. Specifics:

No funds shall be deposited or invested except in authorized investments. Authorized investments are those that are in accordance with the declaration and bylaws of the Association and that are obligation of, or fully guaranteed by the U.S. Government.

All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board as appropriate, and they shall be reviewed at least annually.

Investments shall be guided by the following goals, listed in decreasing order of importance.

- Safety of Principal- The long-term goal is the safety of the replacement reserves.
- Liquidity and accessibility – Funds should be readily available for projected or unexpected expenditures.
- Minimal Costs- Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.
- Professional Management – Funds should be invested with professional managers who have good reputations and sound credentials.
- Return – Funds should be invested to seek the highest level of return that is consistent with preservation of the purchasing power of the principle and accumulated interest.

Association directors have the fiduciary duty to prudently manage reserve assets. Accordingly, the directors have set forth an investment policy to pursue association objectives and goals. The policy is based on historical bond rates, money market instruments and inflation. The directors expect that over time the strategy will produce results consistent with history and meet the reserve fund's goals.

Goals and Objectives

The Association's capital replacement reserve assets shall be invested to achieve the following objectives;

- Promote and ensure the preservation of the reserve fund's principal.
- Structure maturities to ensure availability of assets.

- Mitigate the effects of interest rate volatility upon reserve assets.
- Achieve long-term investment performance that exceeds inflation by 1-3 percent on a net after-tax basis.

Investment Strategy

Select securities that mature in one to five years. Structure them so that an equal number mature each year. Consistently purchase securities at the long end of the maturity range with new or matured funds.

Reserve assets will benefit from long-term interest rates, which are often higher than short-term rates, while maintaining ready availability of funds and cash flow.

The Association may veer from this strategy when reserving a portion for a specific expense. Use the most recent reserve study to match the effective maturities to the dates of expenses.

Effective maturity may be sooner than stated maturity.

Selection Criteria

Securities will be selected with emphasis on these characteristics: preservation of capital, quality, effective maturity and net after-tax return.

In general the following guidelines shall be utilized:

- Funds needed within 6 months shall be invested in savings accounts or money market funds.
- Funds needed within 6 months to one year shall be invested in certificates of deposit.
- Funds needed beyond one year shall be laddered and invested in certificates of deposit or U.S. treasury notes to liquidate as reserve project needs arise.

Fixed Income

Utilize taxable income securities and annuities for Association income that is taxable in the lower brackets. Invest in tax-exempt securities and annuities above that level if the after-tax return is favorable. The taxable portion shall consist of U.S. treasury securities and insured bank certificates of deposit.

Tax-exempt securities and annuities will be rated in the AAA-quality level by at least one major credit rating agency at the time of purchase or be equivalent quality if non-rated.

An issue-by-issue review will be conducted for each security or annuity that has credit rating lowered after purchase and for each security or annuity presently in the portfolio that falls below these criteria. A decision will be made to either hold and monitor or liquidate.

Beyond quality considerations, selection criteria will emphasize securities' or annuities' maturities before yields. This emphasis is recognized as essential to governing investment strategy.

Review and Control

Policy considerations concerning changes of investment strategy or security selection criteria will require a meeting to obtain a consensus.

The performance review will be compared to the goals and objectives of the reserve fund. The directors will recognize the price volatility of fixed-income investments and not the strategy to hold such securities to the fixed value at maturity.

The Association's treasurer will receive monthly reserve statements. These statements will provide detailed accounting of current values, income, and transactions. Reports will be available for members of the Association from the Treasurer upon written request.

3. Definitions:

Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.

4. Supplement to Law:

The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

5. Deviations:

The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

6. Amendment:

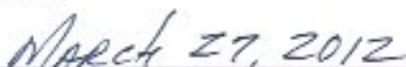
The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

FORESIGHT PARK OWNERS ASSOCIATION, INC.



President



Effective Date