

NORTHWOODS CONDOMINIUM ASSOCIATION
Investment Policy

This statement of the Northwoods Condominium Association (the "Association") investment policy is intended to govern the investment activities and practices for all capital reserve funds of the Association. This investment policy has been promulgated by the Board of Directors (the "Board") of the Association after receiving the advice and suggestions of various members of the Association.

The primary objective to be accomplished under this investment policy is to preserve capital and minimize any potential for capital losses. The Board is charged with the responsibility of overseeing both the implementation and administration of this investment policy. In discharging this duty, the Board will appoint one of its members as the Investment Policy Director (the "IPD"). The Board will delegate to the IPD all necessary authority to administer the Association's investment policy and manage all investments of the Association's funds. In this connection, the IPD shall make investment decisions in a manner that is consistent with the directions of the Board and with this investment policy.

For the most part, invested funds will consist of funds that have been transferred to the Association's capital replacement reserve subaccounts for accounting purposes. As set forth in the annual audit, each of these subaccounts has been allocated for the repair and replacement of a specific building or area within the Association's complex under the direction and supervision of the Board. However, the total sum of these reserve subaccounts represents the gross amount of the capital replacement reserve fund maintained by the Association.

The IPD shall also be responsible for monitoring the status of all invested funds and reporting to the Board on a periodic basis. Each report shall provide a summary of the performance of all investments. Copies of the brokerage and deposit account statements for investment and other accounts held in the name of the Association shall be maintained by either the IPD or the Association's accountant, and such copies shall be made available to Board members and any NCA owner upon reasonable request.

The IPD shall have complete discretion and authority concerning the selection of depository institutions and investment managers. Without limitation, the IPD shall be empowered and authorized to select JPMorgan-Chase and any of its affiliates and subsidiaries as a depository institution or investment manager for the Association's reserve funds.

The IPD shall make investment decisions and discharge his or her duties in good faith and with the care of an ordinarily prudent person under similar circumstances. In carrying out any decision or activity, the IPD shall act in a manner which he or she reasonably believes to be in the best interests of the Association. The IPD may rely on information, opinions and reports (including financial statements and other financial data) that have been prepared by accountants and other professionals, as well as other information prepared by officers or managers of the Association.

In making specific investment decisions, the IPD shall be guided by the current and anticipated cash flow needs of the Association as determined by the Board or the IPD from time to time. This process shall include an analysis of the Association's current budgetary requirements and any approved capital repair or replacement projects.

The IPD may delegate investment and management functions to an established investor representative. The IPD shall take all appropriate steps to assure that time and brokerage

deposits of the Association are insured to the maximum extent under existing deposit and investor insurance coverage. Securities may be held in street name or custody by the applicable brokerage firm or bank. All investment accounts shall be maintained in the name of the Association. Disbursements from any such account shall be made only to another account maintained in the name of the Association and only upon written authorization by the IPD or the Board. A copy of this policy statement shall be delivered to any investor representative utilized by the Association.