

**CONSENT OF DIRECTORS
OF
THE CATHEDRAL PINES HOMEOWNERS
ASSOCIATION**

Financial Policy

The undersigned, being all of the Directors of the Cathedral Pines Homeowners Association a Colorado non-profit corporation (the "Association"), hereby consent to vote in favor of, and adopt the following resolution:

WHEREAS, the Board of Directors of the Cathedral Pines Homeowners Association is empowered to govern the affairs of the Association pursuant to Article 8, Section 8.1 of the Declaration of Covenants, Conditions, Restrictions and Easements of Cathedral Pines, and Article IV, Section 2 of the Bylaws.

WHEREAS, Article 7, Section 7(E), of the Declaration of Covenants, Conditions, and Restrictions for Cathedral Pines (hereafter referred to as "Covenants") requires the payment of assessments by all property owners; and

WHEREAS, the Board of Directors desires to establish a procedure for managing the accounts receivable and accounts payable for the Association, and

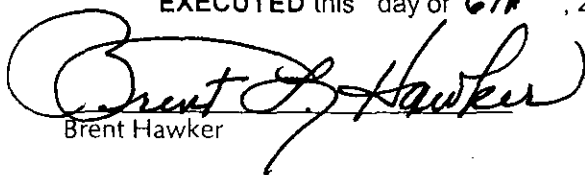
WHEREAS, the Board of Directors desires to establish a policy regarding the management of reserve funds of the Association;

IT IS THEREFORE RESOLVED that the financial management policy attached hereto as Exhibit A shall be adopted and hereby established as the procedure for the management of Association funds in accordance with the requirements and specifications outlined in the governing documents, and

IT IS FURTHER RESOLVED that this policy shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

IT IS FURTHER RESOLVED that this policy shall take effect upon execution of this document.

EXECUTED this day of 6TH, 2006.


Brent Hawker

Paul Thompson

Dan Potter

EXHIBIT A

Financial Management Policy

General terms and conditions:

1. All accounts of the Cathedral Pines Homeowners Association (the "Association") shall be maintained in a federally insured banking institution.
2. The total balance of accounts held at any one banking institution shall not exceed \$100,000 in accordance with the FDIC Insurance provisions.
3. The Board President, Vice President and Treasurer shall serve as authorized signatories on the accounts of the Association for the purpose of withdrawing funds from the Association's accounts.
4. Management shall be authorized to serve as an authorized party to transfer funds by electronic transfer between the Association's accounts, but shall at no time serve as a signatory to withdraw funds from the Association's accounts.
5. The financial management of the Association shall be maintained via the accrual method of accounting. All financial reports shall include an aging report to identify outstanding accounts receivables.

Accounts Receivable:

1. A payment statement setting forth the annual assessment shall be mailed to all owners on December 1st (or the first business day following December 1st). The assessment notice shall reflect a due date of January 1st ("Due Date"), late after the 10th day of January ("Delinquency Date").
2. Assessment invoices will be mailed to all Owners no less than 30 days prior to the first day of the first month of the fiscal year. All payments are due the first day of the month ("Due Date"), late after the 10th day of each Month ("Delinquency Date").
3. A late notice (the "First Notice") shall be sent 10 days after the due date to all Owners having an outstanding balance on their accounts, including late fees, or other charges authorized pursuant to the governing documents or Board resolution. Each charge for late fees shall be in the amount of \$30.00.
4. All accounts that have an outstanding balance 30 days after the due date shall be given written notice (the "Second Notice") by certified mail, return receipt requested.

5. Late Fees and interest shall continue to be assessed monthly following mailing of the second notice until the account is brought current.
6. If the assessment is not paid with fifteen (15) days of the Second Notice, the Association may file an Assessment Lien against the properties having delinquent assessments.
7. All payments received on account shall be date stamped and credited to the appropriate member account as of the date received. Payments received on the weekend or on a holiday shall be acknowledged the following business day. Payments shall be applied to late charge(s), interest, and any other costs or fees, and then to the assessment payment first due.
8. Payments shall be endorsed "For Deposit Only" and be deposited the day received.
9. Assessment monies shall be deposited in the appropriate account based on the allocation defined in the approved annual budget. A balance equal to approximately one month's expected expenses shall be maintained in the operating account, with the balance being held in a money market-type account yielding a higher rate of interest.
10. Record of all deposits shall include a printout showing a breakdown of all checks deposited (per deposit) with the actual deposit slip attached.
11. If payment is made by check returned for insufficient funds:
 - a. reinstatement of the assessment fee shall be charged against the member's account(s)
 - b. an NSF fee in the amount of \$45.00 shall be charged against the account
 - c. Management shall contact the bank to determine if funds are then available
 - i. if so, Management shall redeposit the check (one time only)
 - ii. if not, the member shall be given written notice of the return of payment, requesting that payment, via certified funds, be made within five days. All applicable late fees and interest shall accumulate against the account as though no payment had been attempted until payment is received.
12. Reconciliation of the Association's accounts, in accordance with the monthly bank statement, shall be completed monthly by Management, verified by the Treasurer.

Accounts Payable:

1. All invoices shall be sent directly to the Management office.
2. All invoices shall be reviewed and verified by Management, coded to the appropriate expense account in accordance with the approved budget or action of the Board. Any invoice for services not pre-approved (by virtue of a contract, the budget, or by action of the Board) shall be submitted to the Board for approval prior to payment.
3. Management shall prepare payment of approved invoices prior to each monthly Board meeting. Payments shall be made in a timely manner to accept any discounts, if offered.
4. Signature for all payments shall be received from designated signatories (which shall include, unless otherwise voted, the President, Vice President and Treasurer.) One signature shall be required for all checks. Management shall be authorized to transfer

funds between the Association's accounts but shall not serve as signatory to withdraw funds.

5. Reconciliation with the official bank statement shall be completed by Management, verified by the Board. Verification must include a review of account balances on bank statements against bank balances on financial reports and a scan for anything unusual or outstanding for longer than 60 days.
6. All checks shall be retained in the permanent record of the Association, including all voided checks.

Funding of Reserves:

1. A review of the Association's reserve fund needs and obligations shall be completed by the Budget/Finance Committee (when appointed) annually, with recommendation given to the Board for implementation into the annual budget at the discretion of the Board.
2. Reserve/replacement obligations shall be defined in the annual budget. This budget shall be reported on a fund-accounting basis to show the specific assets to which monies are being allotted.
3. All reserve funds shall be held in a separate account outside of the operating funds and shall not be commingled with operating monies.
4. All proposed expenditures for the replacement of Association assets shall be reviewed by the Budget/Finance Committee (when appointed) and approved by the Board prior to implementation.
5. Expenditures shall not exceed the budgeted funds allocated for a specific line item in any given fiscal year unless determined by the Budget/Finance Committee (when appointed) and the Board of Directors to be imminent or shall favor the Association in future replacement costs.