

**CONSENT OF DIRECTORS
RULE REGARDING PROCEDURE FOR VIOLATIONS
CATHEDRAL PINES HOMEOWNERS ASSOCIATION**

Covenant Management Policy

WHEREAS, Article 23, Section A, of the Declaration of Covenants, Conditions, Restrictions for Cathedral Pines, (the "Covenants"), the Association may adopt and publish rules and regulations with which each owner and all other occupants shall strictly comply.

WHEREAS, Article 23, Section (A) of the Covenants authorizes the Association to levy and collect reasonable and uniform fines and penalties.

WHEREAS, the Board has adopted the procedures contained in this Rule in order to enforce the Association's Covenants and Design Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the following Rule has been adopted by the Board of Directors of the Association:

1. This Rule shall apply to any alleged violation ("violation") of the Association's Covenants, Articles of Incorporation, Bylaws, and Design Guidelines, except and excluding non-payment of assessments or other sums.

2. Complaints: Initial complaints of a violation of a specific rule or covenant must be presented to the Association (Board member or Management representative) in writing and said complaint shall include specific information as to details of the alleged violation, including date, time and identification of the person submitting the complaint. The Association, acting through its Board or Management representative, shall verify the existence of the alleged violation, and in its discretion, determine whether or not the complaint shows cause for further proceedings.

3. 1st Notice: Once verification has been made that a violation exists (or reasonable determination that such circumstances occurred), Management shall send notice of the violation to the Owner, Resident, and/or parties involved, stating the following:

- a. Nature of the violation
- b. Basis for the violation (specify applicable section in Docs)
- c. Action requested for remedy
- d. Date by which remedy must be completed
- e. Invitation to contact the Association if they believe they did not commit the violation

4. 2nd Notice: If the requested remedy has been met by the defined compliance date (not to exceed 10 days from the mailing of the first notice), no further action shall be taken. If the requested remedy has not been completed, a second notice of violation shall be sent to the Owner and all known involved parties, again defining the conditions of the violation and the requested action(s) and date(s) for remedy. This notice shall be sent by regular mail and certified mail, returned receipt requested, to any alleged violator, and to the Owner if they are not one in the same.

5. Further Action: If compliance has not been completed following the given compliance date indicated in the second notice, further action may be taken which may include, but not be limited to;

- a. Assess a fine,
- b. Seek advice from legal counsel,
- c. Take legal action, or
- d. Take any other action the Board deems necessary to remedy the issue.
- e. Take no action at this time.

6. 3rd Notice: A third notice may be sent out stating the action taken by the Board. This notice shall also include a time and place of a hearing if appropriate, and other information regarding the violation which the Board deems appropriate. The alleged violator then has an opportunity to present their side by attending or not. This notice shall also be sent by regular mail and by certified mail, return receipt requested, to any alleged violator, and to the Owner if they are not one in the same.

7. Hearing: At any scheduled hearing, the Board may consider any written or oral information produced by the alleged violator or other interested parties. Any legal or statutory rule of evidence or procedures shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which they deem appropriate and at their own discretion. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely on in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence shall be sufficient in itself to support a finding. The Board shall proceed with the hearing even if the alleged violator fails to appear, refuses to participate, or elects to not submit further information. After hearing any information, witnesses, or review of documents presented at the hearing, the Board's decision shall be made by majority vote of the Board members present and a brief summary of the decision, any sanctions imposed, and the effective date of any decision or sanction shall be sent by regular and certified mail to the alleged violator and/or to the Owner, in accordance with the circumstances.

8. Responsibility: Owners shall be responsible for violations committed by their contractors, guests, family members, and tenants. The Board may proceed against both the owner and the agent or tenant, simultaneously or separately, and actions against one shall not bar action against the other. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

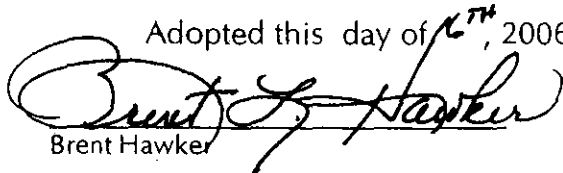
9. Extent of Violations: Each incident or each day of a continuing violation shall be considered a separate violation for which any maximum fine may be imposed. The Board may in its discretion impose increased fines for repeated or intentional violations.

10. Fines and Sanctions: The Board is authorized to impose fines in the amounts \$50 to \$200 per violation as the Board deems appropriate. Any fine shall be both a personal obligation of the owner or the violator or both and shall also be an assessment creating a lien which may be recorded against the unit and may be foreclosed as provided in the Covenants. The Board may notify any lender and credit agency of such obligation and lien. Additionally, the Board may bring legal action to enforce the violated provision and to recover the fine. Any violation shall entitle the Board to recover from the owner or violator or both, its reasonable attorneys fees, court costs, interest, and any other collection expenses, regardless of whether litigation is instituted or is successfully concluded.

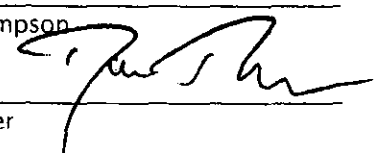
11. Effectiveness: Technical irregularities or defects in the complaint, Notice or other compliance with this Rule shall not invalidate the proceedings or any fine or sanction imposed. This Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Declaration, Articles of Incorporation, Bylaws and Design Guidelines.

12. Effective Date: This Rule shall apply to any violations occurring after the date of its adoption. The Board shall mail or hand deliver, at its choice, a copy of this Rule to each owner or property.

Adopted this day of 6TH, 2006.


Brent Hawker

Paul Thompson


Dan Potter