

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF KERNAN CREEK RANCH HOMEOWNERS  
ASSOCIATION**

Upon motion duly made and seconded, the following resolution was adopted by a majority of the Board of Directors (the "Board") of KERNAN CREEK RANCH HOMEOWNERS ASSOCIATION (the "Association") at a meeting of the Board of Directors duly noticed and held on 19 March 2006, at which meeting a quorum of the Board was present in person:

WHEREAS, the State of Colorado recently enacted Senate Bill SB 05-100 ("SB 100") into law placing significant new requirements on the Boards of Directors of Homeowner Associations ("HOAs") in connection with HOA governance and operations;

WHEREAS, all Colorado HOAs that are not exempt from SB 100 are generally subject to SB 100; and

WHEREAS, in that connection, the Association is required to adopt the seven written policies that non-exempt HOAs are required to adopt under SB 100 regarding, among other things: (i) collection of unpaid assessments, (ii) conduct of meetings, (iii) covenant and rule enforcement; and (iv) investment of reserve funds.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts each of the eight written policies attached hereto as Exhibits 1 through 8 (the "Written Policies") and such Written Policies shall hereafter form a part of the governing documents of the Association; and be it further

RESOLVED, that, notwithstanding anything contained herein or in the Written Policies to the contrary, the Written Policies shall not be construed to invalidate any provision of the Association's Declaration of Covenants, Bylaws, Articles of Incorporation or other governing documents (collectively, the "Governing Documents") to the extent such provisions do not conflict with SB 100 or any other law that the Association is subject to; and be it further

RESOLVED, that, notwithstanding anything contained in the Governing Documents to the contrary, the Association intends to be generally bound by the provisions of SB 100 and such provisions shall override any nonconforming provisions in the Association's Governing Documents.

IN WITNESS WHEREOF, the members of the Board of Directors of the Association have subscribed their names to this Resolution as of 19 March 2006.

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Jonathan Callender, Director and President

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Lin Daly, Director and Treasurer

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Tracy Brown, Director and Secretary

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Earl Scott, Director

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Greg Esenwein, Director