

**RESOLUTION
OF
The Kissing Camels Property Owners Association**

The undersigned, being all of the Directors of the Kissing Camels Property Owners 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 is empowered to govern the affairs of the Association pursuant to Article IV, Section 4.13 of the Declaration, and Article 4, Section 4.1 of the By Laws; and,

WHEREAS, Senate Bill 05-100, HB 06-89, and HB 08-1135, amending the Colorado Common Interest Ownership Act 38-33.3, requires the Association to establish a procedure to be used by the Association when handling alleged violations of the covenants; and,

WHEREAS, the Board of Directors, in an effort to comply with this statute, desires to establish a policy that shall govern the Association's procedures pertaining to the manner in which these alleged violations will be handled;

IT IS THEREFORE RESOLVED that the policy attached hereto as Exhibit A (hereafter referred to as "Covenant Control Policy") shall be adopted and hereby established as the policy of this Association;

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 immediately.

EXECUTED this 22nd day of MAY, 2008.

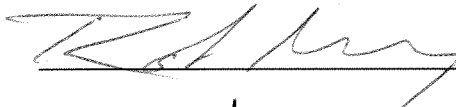
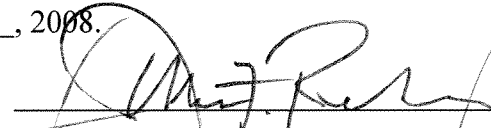
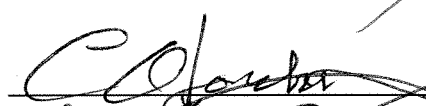
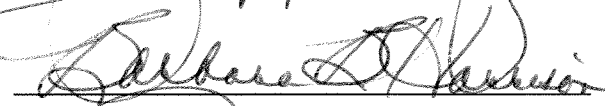



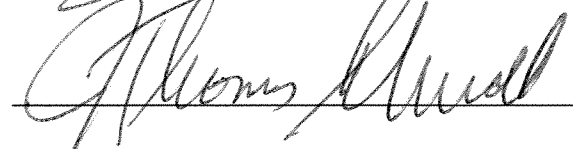
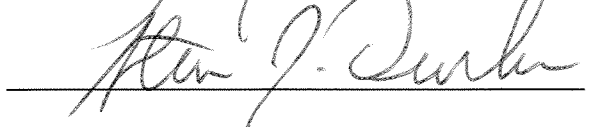
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EXHIBIT A

Covenant Control Policy

Complaints

1. Reporting of Complaints. Complaints regarding alleged violations may be reported by an owner or resident within the community, a group of owners or residents, the Association management company, Board member(s) or committee member(s).
2. Written Complaints. Complaints shall be in writing and submitted to the Managing Agent, Michelle Green at Hammersmith Management, 1155 Kelly Johnson Blvd., #495, Colorado Springs, CO 80920. The complaining party shall have observed the alleged violation. The complaint shall identify the complainant, the alleged violator, and set forth a statement describing the alleged violation, referencing the specific provisions, when the alleged violation was observed and any other pertinent information. Non-written complaints, or written complaints failing to include any information required by this provision, may not be investigated or prosecuted.
3. Preliminary Investigation. Upon receipt of the Complaint by the Managing Agent, the Managing Agent shall conduct a limited and preliminary investigation to assure that the written Complaint (including any attachments) includes a full and sufficient statement of the facts regarding the alleged incident. The Managing Agent will then provide the Complaint package to the President of the Executive Board, for action by a designated Covenant Control Committee, as outlined below.
4. Action by Covenant Control Committee. For each Complaint received from the Managing Agent, the President of the Executive Board shall appoint a Covenant Control Committee (composed of three members of the Executive Board). The designated Covenant Control Committee shall conduct a fair and impartial fact finding process, including further investigation as required, as to whether the violation actually occurred and whether the owner alleged is the one who should be held responsible for the violation. If the Committee concludes that a violation did occur, the Committee shall proceed as outlined below, including providing a Courtesy Notice, Hearing, and Determination (including any fines deemed appropriate).

Notification and Fines

Generally, one COURTESY NOTICE will be provided informing the Owner of a violation(s) and that a potential fine may be imposed after opportunity for a Hearing. In its discretion, the Committee may give the Owner 7-days after receipt of the Notice in which to take corrective action. The COURTESY NOTICE will further state that additional violations, or continued failures to correct the violation, may result in immediate escalating fines pursuant to this Covenant Control Policy. The Owner shall have 7-days after receipt of the notice in which to take corrective action.

Any Owner has the right to a Hearing with the appointed Covenant Control Committee prior to the time a monetary fine is imposed. The Owner must file a written request with the Committee within 7-days of receipt of the Courtesy Notice in order for a Hearing to be scheduled. The Hearing may take place in person or by teleconference, at the Committee's discretion. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. "Receipt" of correspondence by the Owner shall be deemed to be three business days after any correspondence from the Board or Committee has been delivered to the United States Postal Service, first class mail, with pre-paid postage.

A Hearing is an information-gathering, administrative procedure with the Committee, which shall have authority in matters related to Hearings. Rules of evidence do not apply. Any party may have an attorney present. Hearings

are open to Owners and tenants unless the matter is highly sensitive or concerns a matter of privacy as determined by the Board, or as defined by state statute relating to associations. Any party may present testimony. The Committee shall render a decision subsequent to the Hearing, and issue its Written Determination (including the amount of any fine) within 7-days following the Hearing, and mail such Determination to the Owner. In the event that an Owner fails to appear at a scheduled Hearing or fails to submit any information for a scheduled hearing, the Committee may render its decision as described based upon the information available at the time of the Hearing.

Conflicts. Any member of the Covenant Control Committee who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Association or the chair of the committee prior to the hearing on such case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the committee member shall be disqualified from all proceedings with regard to the hearing. Factors that may require disclosure and disqualification may be if the Committee member was the one who made the complaint, is a witness, or is the accused violator. If disqualification of the Committee member(s) results in an even number of remaining Board or committee members eligible to hear a case, the Presiding Officer may appoint a disinterested Association member, in good standing, to serve as a voting member of the Covenant Control Committee.

Fine Schedule

1. If the violation continues to exist 7-days after the Courtesy Notice has been received, and no Hearing has been requested, a **Second Notice** of violation(s) will be sent informing the owner that his/her account has been assessed a fine. If appropriate, the Second Notice may further state that continued failure to cure the violation will immediately result in additional fines.
2. Initial Fines for each Violation or Failure to cure a Violation:

Failure to contain debris in approved receptacle:	\$100
Failure to control Pets	\$100
Causing a Nuisance	\$100
Inadequate construction fencing:	\$100
Inadequate silt fencing:	\$300
Construction debris off property:	\$200
Unauthorized Signage	\$50
Illegal or Disruptive Parking:	\$50
Loud Music:	\$50
Speeding (see speeding policy for details):	\$50+
Construction activity after hours:	\$200
Construction of a Variance Without Approval:	\$500
Starting Construction Without Approval:	\$1000
Using Non-approved Access on Lot:	\$500
3. Other violations not listed will be assessed an initial fine of \$100. Continued or additional violations will be assessed a \$150 fine per violation. After a Third Notice is sent the owner may be assessed a fine of \$500.00 per violation.
4. If the violation(s) continues to exist 15-days after the Second Notice has been received, a **Third Notice** of violation will be sent, informing the owner that his/her account has been assessed a fine. The third notice shall further state that continued failure to cure the violation will immediately result in further fines being levied against the owner's account.
5. If the violation(s) continues to exist after the Third Notice has been received, a **Fourth Notice** of violation(s) will be sent, informing the owner that his/her account has been assessed a fine. The fourth notice shall further state that continued failure to cure the violation will result in additional penalties,

which penalties shall be stated on the notice (i.e., additional fines, turn over to Association's attorney, judicial remedies, etc.)

6. Continued failure to correct a violation(s) after the Fourth Notice may result in additional penalties and daily fines as determined by the Board of Directors. The Association may also utilize its rights to judicial remedies and/or its rights to enter onto the property to correct the violation(s). All costs associated with enforcement actions will be assessed against the owner's account.

The purpose of the use restrictions set forth in the Declaration and rules and regulations is to maintain harmony within the community. The imposition of fines is not a revenue collecting measure, but is intended to induce voluntary compliance with the Governing Documents. If the imposition of fines is ineffective, the Association may also pursue legal action to enforce the Governing Documents. The use of this process does not preclude the Association from using any other enforcement means available to the Association through its Governing Documents and Colorado law. At the Board's discretion, the Association may pursue legal action without levying fines first or may pursue legal action in addition to fines.

The Board of Directors and its Covenant Control Committee is authorized to administer the above procedures for enforcement, with full authority to waive or modify certain steps, and to settle, negotiate or compromise any aspect of any potential or completed violation, corrective action, fine or other assessment, or other matter in dispute.

Waiver of Fines. The Executive Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into compliance with the Articles, Declaration, Bylaws or rules and/or taking stipulated corrective action(s).

Appeal. The Owner shall have the right to appeal any determination by the Covenant Control Committee to the full Executive Board by giving written notice of such appeal to the Board and the Committee within 10 days following the receipt of the Committee's decision. The full Executive Board shall conduct a hearing within 30 days according to the same procedures set forth above. In the event of an appeal, a decision shall be made by a majority vote of the Board. In the event the Owner does not request an appeal within 10 days, the right to an appeal shall be waived.

Mediation or Alternate Dispute Resolution. If the Owner requests mediation as part of its appeal, the Board shall participate in voluntary, non-binding mediation conducted by a mutually-agreed mediator. The board and the Owner must agree upon a mediator within 3-days of the Board receipt of the written appeal. Within 5-days after designating a mediator, the owner and the Board and the mediator shall confer and agree on a schedule for the mediation which shall conclude the mediation within 45-days of the request by the owner for mediation. If the mediation results in an agreement between the parties, that agreement shall be reduced to writing and any fines or other assessments included in the agreement shall, if not timely paid, be collectable as unpaid assessments under the Associations Policy for such matters. If the mediation fails to achieve agreement within such 30-days, the Notice of Violation issued by the Board (or, its decision following reconsideration) shall become final and any fines or other assessments, if not timely paid, shall be collectable as unpaid assessments as stated above. In lieu of mediation, the parties may mutually agree to utilize any other form of alternate dispute resolution procedures.