



APPROVED BY BOARD

ACTION ON

May 16, 1998

VERIFIED:

Ernie Brantner

SEC. T.D. ASSOC.

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**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

**POLICY STATEMENT REGARDING
DEFINITION OF "ASSOCIATION RULES"
RESOLUTION 98-5**

WHEREAS, the First Restated Declaration of Covenants and Restrictions ("C&Rs") grant authority to the Board of Directors to adopt "Association Rules", intended to regulate the use and enjoyment of the Properties; and

WHEREAS, the subject matter of such rules is delineated in the C&Rs at Article III, Section 7; which section also prescribes procedures for the solicitation of the opinions of Members prior to any adoption of a proposed rule or amendment by the Board; and

WHEREAS, said section of the C&Rs further sets forth exceptions to the applicability of the Member-comment solicitation requirement where the proposed rule addresses an emergency which threatens health, safety, or damage to property, or addresses Board or committee administrative or procedural matters; and

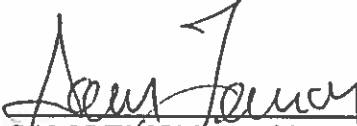
WHEREAS, the Board is generally obligated and empowered to act for the Association in directing and managing its affairs through the exercise of sound business judgment without soliciting prior Member input, but for those matters cited in the references above;

NOW, THEREFORE, BE IT RESOLVED, that in order to further define and establish the definition of "Association Rules", adoption of which invokes the Member-comment procedures of the C&Rs, the following shall be the policy of Tahoe Donner Association:

Association Rules, as that term is used in the Governing Documents, shall refer exclusively to those rules which materially regulate Members' access to and use of the Common Areas and Common Facilities, Members' improvement, maintenance, and use of residential properties, and Members' general conduct within the Properties, but shall not refer to the establishment of any reasonable system of fees associated with any of the foregoing, or any other decisions of the Board.

Further, the implementation or enforcement of regulations that are found in either applicable law or the C&Rs or Bylaws shall not be regarded as either adopting or amending Association Rules, even though they may affect the Member interests described above. Likewise, if an applicable statute grants authority to the Board to undertake a specific action without membership approval, taking such action shall not be regarded as either adopting or amending Association Rules.

ACCEPTED AND DATED: MAY 16, 1998



SAM LEMON, President



RICHARD T. LANGAN, Vice President



BRUCE CORNELL, Secretary

KENNETH C. KNUTSEN, Treasurer

R. W. KREUTZEN, Director