

**UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS
IN LIEU OF A MEETING
OF THE
SR HOMEOWNERS ASSOCIATION, INC.**

Pursuant to Article VII, Section 4 of the Bylaws of the SR Homeowners Association, Inc., in lieu of a meeting of directors, the call of the which is hereby expressly waived, the undersigned being all the members of the Board of Directors of the SR Homeowners Association, Inc. (the "Corporation"), unanimously consent to the adoption of the following resolution:

Administrative Resolution for THE COVENANTS COMMITTEE TERMS OF REFERENCE

BECAUSE Article X of the BYLAWS of the SR Homeowners Association authorizes the Board of Directors ("BOARD") to organize and appoint committees to advise the Board from time to time as deemed appropriate in carrying out its purpose; and

BECAUSE the BOARD deems it necessary to create a standing committee to assist the BOARD in monitoring and enforcing compliance to the PROJECT DOCUMENTS including the BYLAWS, the ARTICLES OF INCORPORATION, the SONOMA RANCH DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, all SUPPLEMENTAL DECLARATIONS and the BOOK OF RESOLUTIONS;

NOW THEREFORE BE IT RESOLVED BY UNANIMOUS CONSENT IN WRITING THAT a standing **COVENANTS COMMITTEE** be established, having the following terms of reference:

RESPONSIBILITY

The primary responsibility of the **COVENANTS COMMITTEE** is to advise and assist the BOARD in monitoring and enforcing compliance by MEMBERS with the provisions of the PROJECT DOCUMENTS and this BOOK OF RESOLUTIONS.

In fulfilling its responsibility, the **COVENANTS COMMITTEE** performs functions which include, but are not necessarily limited to the following:

1. Review and evaluation of existing rules and regulations and proposal of modifications or additions to them with supporting rationale included in the proposal.
2. Categorizing and indexing on one master list all rules and restrictions from both the PROJECT DOCUMENTS and the BOOK OF RESOLUTIONS as they apply to the Homeowners Association.

3. Monitoring compliance with and, subject to appeal to the BOARD, enforcement of the provisions of the PROJECT DOCUMENTS and the BOOK OF RESOLUTIONS.

MANNER OF ORGANIZATION

1. Membership - The COVENANTS COMMITTEE shall consist of a Chair and any other members of the ASSOCIATION who wish to serve. Any MEMBER may join the Committee by attending two out of three successive Committee meetings and maintaining regular attendance thereafter. The Secretary-Treasurer of the Committee is responsible for maintaining a roster of Committee members. All Committee members shall be members of the ASSOCIATION.

2. Term - The Chair shall serve a one-year term.

3. Chair - The President of the BOARD will appoint a Chair. The Committee may then elect an alternate chair from among its members.

4. Vacancies - The BOARD may remove a Chair with or without cause. The Committee may vote to remove its Chair upon show of good cause. Vacancies created by either of the above or by death or by resignation of the Chair, shall be filled by the alternate Chair, and the Committee will elect a new alternate.

5. Secretary-Treasurer. The Chair will designate a Secretary-Treasurer from among the members of the Committee. The Secretary-Treasurer shall be responsible for keeping the Committee membership roster, recording minutes of all Committee meetings and in general, maintaining written documentation on Committee decisions and activities. Further, the Secretary-Treasurer shall keep a record of funds expended under the Committee's allocation from the BOARD.

6. Subcommittees. From time to time the Committee may create from among its membership such subcommittees as it deems necessary and desirable, so long as each subcommittee has specific goals and objectives approved by the Committee. The Committee Chair may form a subcommittee by appointing volunteers from the standing committee. The subcommittee will elect its own Chair. If the subcommittee Chair is absent from two successive meetings, the subcommittee may elect a new Chair and promptly notify the standing Committee Chair of the change.

MANNER OF OPERATION

The COVENANTS COMMITTEE is charged with maintaining a constant awareness of the legal obligations, risks and responsibilities of the ASSOCIATION. With regards to the rights of MEMBERS of the SR OWNERS ASSOCIATION, INC. and RESIDENTS of the SONOMA RANCH SUBDIVISION, the Committee may take no actions without prior permission of the BOARD, recorded in the minutes of the ASSOCIATION.

DUTIES OF THE COMMITTEE

The Duties of the standing COVENANTS COMMITTEE include the following:

1. Electing the alternate chair;
2. Assessing conditions and needs in the area of its responsibility;
3. Adopting goals and objectives and establishing priorities for Committee and subcommittee activities;
4. Proposing guidelines to the BOARD relative to its area of responsibility
5. Reviewing Committee terms of reference;
6. Developing Committee budget requests;
7. Taking such actions as directed by the BOARD.

Duties of the Chair include the following:

1. Coordinating and supervising the Committee activities and meetings to assure that Committee responsibilities are met;
2. Preparing Committee reports for submission to the BOARD;
3. Reviewing the budget with Committee Secretary-Treasurer to assure that funds are spent as allocated and to determine adjustments;
4. Establishing such subcommittees necessary, determining their purpose and appointing members
5. Reviewing and evaluating subcommittee activities to determine if need exists for their services.
6. Assuring that meetings of the Committee are held as follows:
 - (a) Regular meetings of the full standing Committee shall be held at least once each quarter or more often as necessary to carry out assignments and responsibilities. The purpose of at least one full Committee meeting is to hear and review the Committee's budget and policy recommendations and to integrate them into one Committee proposal to be submitted through the Chair to the Finance Committee
 - (b) Subcommittees will meet at least monthly for as long as it takes them to complete their tasks.
 - (c) Voting will be done by simple majority; in the event of a tie, a member of the BOARD may cast the decisive vote.

Reporting and Channels of Communication will be done as follows:

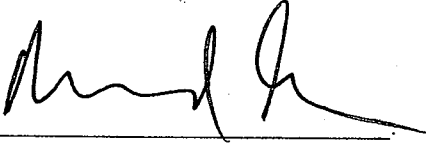
1. The Committee shall, through its Chair, submit to the BOARD, written reports on a regular basis. Such reports shall include at least the following:
 - (a) Summary of activities during past period;
 - (b) Problems encountered and assistance requested;
 - (c) Number of members at last meeting;
 - (d) Plans for coming months;
 - (e) Itemized listing of income and expenditures;
 - (f) Recommendations and proposals with rationale.

2. The Committee Secretary shall prepare and submit minutes of committee meetings.
3. Verbal requests for information or assistance may be transmitted from the subcommittee chair to the Committee Chair and from there to the appropriate party and back, unless other channels have been directed by the BOARD.

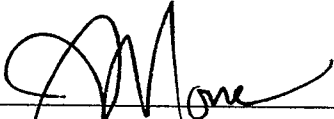
IN WITNESS HEREOF, THE UNDERSIGNED HAVE EXECUTED THIS CONSENT AS OF

September 23 2003

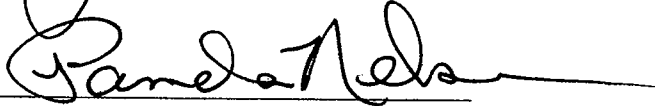
(DATE)



A. Bradford Galo



James M. Moore



Pamela Nelson

APPOINTMENT OF CHAIR OF THE COMMITTEE

In accordance with the provisions of the Resolution establishing the Covenants Committee, I hereby appoint John Bouchier of 118 Santa Ursula, initial Chair of the Committee.

FOR THE BOARD OF DIRECTORS



A. Bradford Galo, President