

BOARD OF DIRECTORS RESOLUTION
CASTELLINA NEIGHBORHOOD CORPORATION

Upon motion duly made, seconded and carried, the Board of Directors for Castellina Neighborhood Corporation adopted the following Resolution, at its regular meeting held on March 8, 2006. This resolution supersedes the delinquency resolution adopted and dated December 1, 2004.

WHEREAS, the Covenants, Conditions and Restrictions of Castellina Neighborhood Corporation, require payment of regular and special assessments by all the owners of real property within said community in order to provide funds for payment of the expenses for upkeep, maintenance and preservation of the common areas therein, and for payment of the other expenses associated with the normal operation of said Association's business and affairs, and

WHEREAS, said Covenants, Conditions and Restrictions provide the Association's Board of Directors with the power and authority to require regular and special assessments levied against owners of real property within said community (all of whom are required to be members of the Association as a condition of ownership) to be fully and timely paid, and

WHEREAS, the Board of Directors deems it to be in the best interests of the Association and all the Association's members to establish policies and practices relative to the Association's rights and remedies in event of default in payment of the Association's regular and special assessments by any of the Association's individual members, and

WHEREAS, California Civil Code 1350, et seq., requires a statement of the Association's assessment policies and practices be delivered to all the Association's members within sixty (60) days prior to the beginning of each succeeding fiscal year, and

WHEREAS, the Board of Directors has fully discussed and considered this matter.

NOW, THEREFORE, BE IT RESOLVED that the Association hereby adopts the following policies and practices relating to the enforcement of its rights and remedies in the event of any default in the timely payment of the Association's regular and special assessments to be effective the first day of January 1, 2006:

1. Assessments, late charges, interest collection costs and any attorneys' fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied.
2. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full every month regardless of whether a statement is received. All other assessments,

including special assessments, are due and payable on the date specified by the Board in the notice imposing such assessment.

3. Any payments made shall be first applied to assessments owed, and, only after the assessments owed are paid in full, shall such payments be applied to late charges, interest and collection expenses, including attorneys', trustee or small claims fees, unless the owner and that Association enter into an agreement providing for payments to be applied in a different manner.

4. When any regular or special assessment remains unpaid fifteen (15) days past its due date, said assessment shall be subject to a late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater in accordance with California Civil Code 1366, section (e)(2), unless the declaration specifies a smaller amount.

5. In accordance with California Civil Code 1366, section (e)(3), the Board of Directors may impose interest on all sums, including the delinquent assessment, reasonable costs of collection, and late charges, at a rate not to exceed twelve percent (12%) per annum, commencing 30 days after the assessment becomes due, unless the declaration specifies a rate of a lesser amount.

6. When any assessment remains unpaid forty-five (45) days past its due date, the Association, through its Management Company, shall mail a Pre-Lien Notification to the owner as required by Civil Code Section 1367.1 (a) by certified and first class mail, to the owner's mailing address of record advising you of the delinquent status of the account, impending collection action and the owner's right to request that the Association participate in the "meet and confer" program or in some form of internal dispute resolution process ("IDR"). The owner will be charged a fee of \$45.00 for the pre-lien notification, which shall be charged to the delinquent member's account.

7. Within fifteen (15) days from the date of the postmark of the Pre-Lien Notification, a delinquent owner may submit a written request to the Association to meet with the Board to discuss a payment plan for the amount set forth in the Pre-Lien Notification letter. The Board shall meet with the delinquent homeowner in executive session within forty-five (45) days of the date of the postmark of the written request. Each request is handled on a case-by-case basis. The Board is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the owner's delinquent assessments. If the Board authorized a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while

the owner remains current under the terms of the payment plan. If the owner breaches an approved payment plan, the Association may resume its collection action from the time the payment plan was approved.

8. If an owner fails to pay the amounts set forth in the Pre-Lien notification and fails to request IDR within thirty (30) days of the date of the Pre-Lien notification, the Board shall decide, by majority vote in an open meeting, whether to record a Notice of Delinquent Assessment (Lien) for the amount of any delinquent assessments, late charges, interest and/or costs of collection. This lien shall be recorded in the office of the County Recorder and mailed to the delinquent member. A fee not exceeding \$100.00 for lien processing work, and a fee not exceeding \$150.00 for preparation and mailing said Notice of Delinquent Assessment by the Agent, Trustee or Attorney employed by the Association, shall be charged to the delinquent member's account. The lien may be enforced in any manner permitted by law, including without limitation, a small claims judgment, judicial or non-judicial foreclosure. No charge shall be made to release the Association's Lien upon full reinstatement of the delinquent member's account.

9. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent homeowners the option of participating in IDR or Alternative Dispute Resolution ("ADR")

10. After thirty (30) days from recording the Notice of Delinquent Assessment, the Association may turn the members account over to the Association's Attorney or Trustee to enforce the lien by proceeding with judicial or non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more that twelve (12) months. However, if the amount of the delinquent regular or special assessments is less than One Thousand, Eight Hundred Dollars (\$1,800.00) or less than twelve (12) months, the Board may decide to take a small claims court action. The Association is authorized under California law to charge the owner reasonable costs of collection for any action utilized.

11. **"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION"**

12. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed on their account pursuant to Corporations Code Section 8333. If it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interest, and costs of collection associated with collection of those assessments.

13. Owners have the right to provide a secondary address for mailing for purposes of collection to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate that the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

14. Prior to recordation of the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees, must be paid in full to the Association. The mailing address for overnight payments of assessments is 16845 Von Karman, Ste 200, Irvine, CA 92606 unless the account has been turned over to the association's trustee or attorney, then the homeowner would need to call said party for the full amount owed and their correct mailing address.

15. The foregoing policies and practices shall remain in full force and effect until such time as they may be changed, modified, or amended in their entirety, by a duly adopted Resolution of the Board of Directors of Castellina Neighborhood Corporation. This policy is subject to change upon thirty (30) day written notice.

BE IT FURTHER RESOLVED, that within sixty (60) days of the adoption of an amendment or modification to the collection policy, a copy of the Association's policies and practices, as adopted, or as subsequently modified or amended, shall be delivered to all the members of this Association in the manner and pursuant to the requirements of California Civil Code, Section 1350, et seq.
