

KAKELA MAKAI OCEANVIEW COMMUNITY ASSOCIATION

ASSESSMENT PAYMENT RESOLUTION

WHEREAS the Board of Directors of the Association is charged with the responsibility of collecting assessments for common expenses from Association members pursuant to the Governing Documents of the Association, and

WHEREAS from time to time Association members become delinquent in their payments of these assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained the firm of Belles Graham Proudfoot Wilson and Chun, LLP as their Association's collection attorneys for their experience in representing community associations in collections matters; and

WHEREAS the Board has directed the Association's collection attorneys to represent the Association on the terms outlined in this resolution, unless specifically advised otherwise;

NOW, THEREFORE,

BE IT RESOLVED that the Association's collection attorneys shall pursue all collection matters which the Board, acting through the Management Agent, may from time to time refer to them and to provide any collection advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that there is hereby levied against any account which is not paid in full as of the thirtieth (30th) day of each month, a late fee in the amount of fifty dollars (\$50.00) which the Managing Agent is authorized and directed to charge to and collect from any delinquent Association member; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to send to any Association member who is delinquent in the payment of regular or special Assessments of an amount less than \$50.00, a Statement each month until the amount owing is paid in full or the amount owing is

\$100.00 or greater, and that if an account is delinquent in the amount of \$100.00 or more, Hawaiiana Management Company, Ltd. will mail that owner a friendly reminder notice (hereafter referred to as the “First Notice”), and that if the account is not paid in full within thirty (30) days of this First Notice, and the amount owed is still \$100.00 or more, the Management Agent will send a second written notice (hereinafter referred to as the “Second Notice”), and that if the account is not paid in full within thirty (30) days of this Second Notice, and the amount owed is still \$100.00 or more, the Management Agent will send a third written notice (hereinafter referred to as the “Final Notice”) and if the account is not paid in full within 30 days of this Final Notice and the amount owing still exceeds \$100.00, the matter will be turned over to the Association’s collection attorneys for collection and the Association member will be liable for payment of all charges imposed by the Association’s collection attorneys to cover fees and costs which are charged to the Association; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to refer any account which remains delinquent in an amount of \$100.00 or more for thirty (30) days after the Final Notice to the Association’s collection attorneys for collection; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to consult with the Association’s collection attorneys and turn over for collection immediately any account where the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure or a lien against the unit; and

BE IT FURTHER RESOLVED that when the collection attorney is directed to send to any Association member who is delinquent in the payment of Assessments, a written notice (hereinafter referred to as the “Demand Letter”) that, if the account is not paid in full within thirty (30) days, a Notice of Lien will be recorded; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to execute a Notice of Lien against the delinquent unit as described in the letter to the Association member; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association’s collection attorneys for collection:

1. All contacts with a delinquent Association member shall be handled through the Association’s collection attorneys. Neither the Managing Agent nor any Association officer or director shall discuss the collection of the account directly with an Association member after it has been turned over to the Association’s collection attorneys unless one of the Association’s collection attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association’s collection attorneys until the account has been brought current.
3. When any account is turned over to the Association’s collection attorneys for collection, the account shall be so marked by the Managing Agent and no quotations on the account shall be released to any party including the owner or an escrow, except with the consent of the

Association's collection attorney. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent lot and owner and shall be collectable as provided in the Governing Documents.

4. The Association's collection attorneys shall give notice to the delinquent Association member that, if the delinquent account is not brought current within the time stated, or a satisfactory agreement has not been reached to accomplish this, foreclosure proceedings may be commenced.
5. To the extent that the Association's collection attorneys, in their discretion, consider it to be appropriate in the circumstances, they are authorized to enter into an installment payment plan; provided, however, that any payment plan which provides for a down payment of less than the greater of one third (1/3) of the delinquent balance or a duration in excess of six (6) months shall require the approval of the Board.
6. Where, at the expiration of the period specified in the Association's attorneys' demand letter, an account remains delinquent and without a payment plan embodied in a signed agreement or in the event of a default under the terms of either agreement, the Association's collection attorneys are authorized to take such further action as they believe to be in the best interest of the Association, including but not limited to:
 - a. Filing suit against the delinquent homeowner for money due; or
 - b. Instituting an action for foreclosure of the Association's lien; or
 - c. Filing a proof of claim in bankruptcy; and

BE IT FURTHER RESOLVED that outstanding and unpaid fees will be, henceforth, handled in the following manner:

At any time there are unpaid legal charges, NSF or post dated check charges, late charges, fines, Agreement of Sale payments, or special assessment fees, any miscellaneous charges on the account ledgers, the next Association fee payment received from the Association member will first be applied to liquidating these fees in the order as stated above. After these fees are paid, the remaining amount left over, if any, will be credited to the Association's maintenance fee assessment account.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all homeowners at their last known addresses.

This resolution was adopted by the Board of Directors on this 12th day of August, 2009 and shall be effective on September 15, 2009.