

COUNTRYSIDE PROPRIETARY
AS AMENDED
RESOLUTION NO. 253

Non-Judicial Foreclosure Policy, Procedures and Criteria

WHEREAS, The Virginia Property Owners' Association Act, Sect. 55-516 and Article V of the Declaration of Covenants and Restrictions of CountrySide Proprietary gives the Board of Directors certain powers and duties concerning Non-Judicial Foreclosure; and

WHEREAS, there is a need to establish and institute the following policy, procedures and criteria for use of foreclosure actions to attempt to collect certain delinquent Proprietary member accounts, and

WHEREAS, the Board believes the best interest of the CountrySide Proprietary will be promoted by using non-judicial foreclosure action against certain delinquent accounts; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the CountrySide Proprietary does hereby adopt the following Policy, Procedures and Criteria governing Non-Judicial Foreclosure:

I. **PROCEDURES**

- A. Each month in advance of the Finance Committee ("Committee") meeting, the Management Company will review the report of past due accounts to determine whether or not any delinquent accounts meet the criteria for instituting non-judicial foreclosure ("Foreclosure"). Any new candidates shall be presented to the committee at its next regular meeting along with complete account background information. The Finance Committee shall then vote on each case as to whether to recommend the candidate for Foreclosure to the Board of Directors. All account information about each candidate recommended for action shall be communicated to the Proprietary's legal counsel for conduct of a data base search regarding the probable existing debt associated with the candidate's property and to determine if Foreclosure is feasible. Following receipt of the information from counsel, each candidate shall be placed on the Board of Directors agenda for its next regular meeting.
- B. When the Board of Directors is presented with the Finance Committee's recommendation and all background information, it may take any action it deems appropriate for each candidate, including authorizing Foreclosure.

- C. For each Foreclosure candidate so authorized by the Board of Directors, the management Company shall send a "Foreclosure Letter" to the candidate within two (2) business days.
- D. Within seven (7) business days after sending the "Foreclosure Letter", the Chairman of the Finance Committee shall make a reasonable attempt to contact the candidate in order to arrange a meeting at the Proprietary offices with the candidate, the Finance Committee Chair and a member of the Management Company. The purpose of the meeting shall be to seek to arrange payment or an acceptable payment plan accepted in a formal written agreement between the candidate and the Proprietary. Any tentative plan and/or Agreement that may be negotiated at such meeting, should it occur, must meet general criteria as established by the Board of Directors approval at the next available board meeting. Further, any such tentative Agreement as may be negotiated shall be immediately communicated to legal counsel.
- E. The result of any meeting referenced in Section D above shall be reported to the Board of Directors at its next regular meeting. The candidate shall be so advised in writing and have the right to appear and discuss the case before the Board in closed session and for such time as the Board may allow, providing that the candidate shall meet with the Board of Directors at the designated meeting. Following discussion and subsequent return to open session, the Board of Directors may consider any information it deems relevant and vote to proceed with Foreclosure or take any other action considered appropriate, including a "suspension" of the Foreclosure process pending completion of any agreement.
- F. If the Board authorizes immediate Foreclosure action, any additional information developed shall immediately forwarded to legal counsel by the Management Company with direction to counsel to proceed with the Foreclosure action.
- G. If the Board of Directors authorizes "suspension" of the Foreclosure action pending the candidate's performance of any authorized Agreement, the Management Company shall monitor candidate's performance with the Agreement and immediately report any breach to the Chairman of the Finance committee and the President of the Board of Directors. If any breach shall occur and remain uncured for two (2) weeks, the matter shall be placed on the agenda for the next regular Board of Directors meeting for appropriate action, including possible removal of the "suspension". Concurrently, the candidate shall be immediately notified by mail of the breach and that it has been referred to the Board of Directors for further action and that candidate may

appear before the Board during its deliberations for such time as the Board may allow prior to any vote.

- H. All written communications with Foreclosure candidates shall either be hand delivered or mailed via certified return receipt mail.

II. CRITERIA

The criteria for determination of Foreclosure candidate shall consist of two elements:

1. The debt must be outstanding for nine (9) or more months following the date the account first became delinquent.
2. The candidate has demonstrated an unwillingness to cure the delinquent account as evidence by either:
 - a. The candidate's failure to contact the Proprietary and arrange a mutually agreed upon payment arrangement to fully resolve the matter; or
 - b. Candidate's failure to maintain and completely fulfill any mutually agreed upon payment arrangement that would have fully cured the delinquency.