

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
KELLY RIDGE ESTATES OWNERS' ASSOCIATION**

The following action was taken at the duly held meeting of the Board of Directors (the "Board") of the Kelly Ridge Estates Owners' Association, Inc. (the "Association") on August 12, 2015, at which at least a quorum of the Directors was present:

WHEREAS, Civil Code Section 5605 sets forth the Board's ability to levy and increase regular assessment as follows:

Notwithstanding more restrictive limitations placed on the board by the governing documents, the board may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year or impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year without the approval of a majority of a quorum of members, pursuant to Section 4070, at a member meeting or election.

WHEREAS, Civil Code Section 5605 expressly supersedes any limitations on increases of assessments found in the Association's governing documents;

WHEREAS, Civil Code Section 5605(a) states that a condition to increasing assessments is the adoption of a budget prior to the conclusion of the Association's prior fiscal year;

WHEREAS, the Board has historically adopted a budget at the beginning of each fiscal year, as opposed to at the end of the prior year, and this practice has never created a problem for the Association or caused any objections from the members;

WHEREAS, there has been a question as to whether the Davis-Stirling Common Interest Development Act (the "Act"), where Civil Code Section 5605 is located, applies to the Association based upon the lack of physical common area and other issues;

WHEREAS, the Board did not believe it needed to comply with the Act and had no reason to adopt a budget in accordance with the Act's specific deadlines, and the Board adopted the current budget in good faith in accordance with the Association's past pattern and practices;

WHEREAS, the Board has determined that the prior year's assessments are insufficient to cover costs of the Association, such as insurance premiums, employee costs, costs of the administrative office, and other necessary costs of the Association;

WHEREAS, if the assessments are not increased, the Association will be in default of its financial obligations, which would be a determinant to members;

WHEREAS, the Board has consulted with legal counsel regarding an increase in assessments and has determined in good faith that it is in the best interests of the Association to increase assessments by \$4 for this year;

WHEREAS, the Board has determined that assessments must be increased by \$4 in order to cover the Association's actual and necessary costs; and

WHEREAS, the Board consulted with legal counsel regarding the application of the Act, and based upon that discussion, the Board has determined that under the current state of the law, a court would likely apply the Act to the Association going forward and therefore the Association should officially opt into the Act to avoid any doubt or confusion in the future.

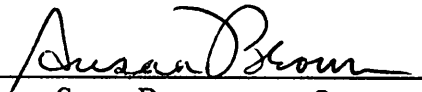
NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board does hereby approve that the regular assessment shall be increased by \$4 for this fiscal year; and

BE IS FURTHER RESOLVED that the Board hereby officially opts the Association into the Act, assuming there is any remaining question that the Act applies to the Association.

CERTIFICATE OF SECRETARY

The undersigned declares that he is the duly appointed Secretary of the Association and that the foregoing Resolution of the Board of Directors was duly approved at the regular meeting of the Board held on August 12, 2015, and that said Resolution remains in full force and effect.

Dated: August 12, 2015



Susan Brown, Secretary