

MEADOWS AT NORTH LAKE HOMEOWNERS ASSOCIATION,
INC.
PROCEDURE FOR COLLECTION OF ASSESSMENTS
POLICY RESOLUTION 2016-01

WHEREAS, Article V, Section 1 of the Declaration (“Declaration”) of Meadows at North Lake Homeowners Association, Inc. (“Association”), obligates each Owner to pay certain common expenses, including annual maintenance assessments and special maintenance assessments (“Assessments”) imposed by the Board of Directors;

WHEREAS, Article IV, Section 1 of the Declaration establishes certain remedies for the non-payment of Assessments, including acceleration, the imposition of interest, late charges, costs of collection and reasonable attorneys’ fees; and

WHEREAS, the Board of Directors desires to implement a standard procedure for the collection of Assessments and other allowable charges in accordance with the Declaration, as the same have been interpreted from time to time.

NOW, THEREFORE, BE IT RESOLVED that any previously adopted collection policy is hereby rescinded, and the Board of Directors hereby resolves to promulgate the following procedures and guidelines for the collection of delinquent Assessments and other allowable charges in accordance with the governing documents:

I. DUE DATE/INSTALLMENTS

All annual maintenance assessments levied by the Board of Directors shall be payable in twelve (12) monthly installments (“Installments”), which are due, in advance, on the first (1st) day of each month (“Due Date”). The Board will determine the due date and payment schedule for any special maintenance assessment so assessed. All special maintenance assessments and other allowable charges will be collected in the same manner as Assessments.

II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

A. Late Charge and Interest.

If any Installment due from the Owner is not received by the Association by the fifteenth (15th) day of the month the Installment is due, the Owner's account shall be deemed late and a late charge of ten dollars (\$10), or one-tenth (1/10) of any delinquent Assessment or Installment, whichever is greater, and interest at the maximum amount permitted by law, accruing from the Due Date, will be imposed and shall be added to the Owner's account and thereafter be a part of the continuing lien for Assessments, and shall be the personal obligation of the Owner until all sums due shall have been paid in full.

B. Late Notice/ Statement of Account

After any assessment installment, or portion thereof, are fifteen or more (15) days past due, a Late Notice/ Statement of Account will be sent demanding past due Assessments, late charges, interest, costs of collection and other allowable charges may be sent by first-class mail to any Owner whose account is delinquent. It is the responsibility of an Owner of a Lot to keep the Association informed of their current mailing address.

C. Acceleration.

In the event that any Installment is late, the Owner may lose the privilege of payment of the balance of the Assessment in installments and the remaining Installments may be accelerated and declared due and payable, pursuant to Article VI, Section 3 of the Declaration.

D. Demand Letter.

The Board of Directors may also send an initial demand letter, informing the Owner of the outstanding amount owed and the possible consequences of continued non-payment. The Board of Directors may forego sending the demand letter and proceed directly with the preparation of a Notice of Intent to Create a Lien and/or referral to an attorney for further collection. The cost incurred in the preparation and mailing of this letter is deemed to be a cost of collection.

E. Referral to Attorney For Further Collection.

If the Owner's account is over sixty (60) days past due, or when otherwise determined appropriate by the Board of Directors, the delinquent account may be referred to the Association's attorney to proceed with further legal action, which may include the mailing of an additional demand letter, the filing of a lien against the Lot and/or the filing of a civil suit against the Owner.

F. Notice of Intent to Create Lien.

The Association's attorney and/ or the Board of Directors may forward a Notice of Acceleration/Intention to Create a Lien ("NOI") to the delinquent Owner in accordance with the provisions and procedures set forth in the Maryland Contract Lien Act, and any additional costs incurred shall be deemed a cost of collection and become the responsibility of the Owner.

G. Filing of Lien.

(1) If payment in full, as stated in the NOI, including interest, collection costs and other allowable charges incurred, is not received by the Association, the Association's attorney within thirty (30) days after the NOI is served upon the delinquent Owner, then a Statement of Association Lien may be filed in the Land Records of Montgomery County, Maryland, against the Lot, in accordance with the Maryland Contract Lien Act.

(2) Fees. The Lien shall be filed for and include the amount of unpaid accelerated Assessments, together with late charges, interest at the maximum amount permitted by law, actual costs of collection, including the costs for preparing a Demand Notice, the costs for preparing and serving the NOI, the costs for preparing the Lien, attorneys' fees, and any charges and/or fines assessed against the Owner. The Owner is also responsible for all fees incurred in the filing and releasing of a recorded lien, including, but not limited to, filing fees and recordation taxes. No lien will be released until the full amount owed on the account is paid, including outstanding attorneys' fees, interest, and other allowable charges.

H. Collection Suit.

(1) Filing of Civil Suit. The Association may file a civil suit in the appropriate court in Montgomery County, Maryland, against the delinquent Owner, on the basis of the Owner's personal contractual obligation to pay Assessments, late fees, interest and other costs. The suit will seek a judgment for all fees included in the lien, plus additional charges that may become due after the filing of the lien.

(2) Lot Owner Responsibility for all Costs of Collections. All costs of collections, including, but not limited to, the costs for the preparation of any notices prepared by the attorney, all filing fees, private process server costs and reasonable attorneys' fees, will be added to the delinquent Owner's account.

(3) Execution Upon Judgment. Upon entry of judgment against the Owner, the Association may commence execution upon the judgment, including, but not limited to, garnishment of wages, garnishment of bank account(s), certificates of deposit, and attachment or sale of the Owner's personal property. If the Lot is a rental property, the Association may garnish the rents from the tenant to pay the judgment owed to the Association.

I. Foreclosure.

(1) The Association may additionally, pursuant to Article VI, Section 1 of the Declaration, authorize its attorney to commence proceedings to enforce and foreclose upon the lien placed against the Lot owned by the delinquent Owner, in accordance with the provisions of the Maryland Contract Lien Act.

(2) The Owner shall be responsible for all costs and fees incurred in the foreclosure proceedings.

(3) Under the authority provided by the Maryland Contract Lien Act and the governing documents of the Association, the delinquent Owner may have their Lot sold at foreclosure and the Owner evicted from the community association.

J. Returned Checks.

(1) If the Association receives from any Owner in any fiscal year two (2) or more returned checks for payment of Assessments, the Board of Directors may require that all future payments be made by certified check, cashier's check or money order for the remainder of the fiscal year.

(2) BAD CHECK FEE. The Owner shall be levied and obligated for a thirty-five dollar (\$35) charge, or the maximum permitted by law, if greater, for any check or any payment from any payment method authorized by the Board of Directors that is returned by the bank for "insufficient funds," which fee shall be posted to the Owner's account.

(3) Criminal Prosecution. Additionally, the Association reserves the right to criminally prosecute any Owner for the passing of "bad checks", or similar document, under the Maryland Bad Check Statute or any other criminal statute which may be applicable.

K. Financial Hardship.

(1) The Board of Directors may, in its sole discretion, but is in no way obligated to, grant a waiver of any provision herein upon written request by an Owner alleging a personal or financial hardship.

(2) Such relief granted shall be appropriately documented in the records of the Association. Such documentation shall include, without limitation, the basis for taking such action.

L. Communications

Once the delinquent account is turned over to the Association's attorney for collection, all communication from the delinquent Owner regarding his or her account shall be directed by the Board of Directors and the Managing Agent to the Association's attorney.

III. REVOCATION OF PRIVILEGES

A. Suspension of Right to Vote and Right to Use Common Area and Community Facilities. Pursuant to Article IV, Section 1(d), no Owner shall be entitled to vote at a meeting of the Association, park on the common areas, and

otherwise use the community facilities for any period during which any Assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any of the published rules and regulations.

B. Suspension of Right to Park in Common Area Parking Areas. Pursuant to Article IV, Section 1(d), if an Owner is delinquent in the payment of assessment, that Owner's right to park in both the reserved parking areas and the visitor parking areas will be suspended and any parking permit will be deemed void until the full amount owed on the account is paid, including outstanding attorneys' fees, interest, and other allowable charges.

IV. PRIORITY OF PAYMENTS

Payments received from an Owner will be credited to the Owner's account according to the following order of priority:

1. Attorneys' fees and other legal and collection costs
2. Late Charge
3. Interest
4. Special maintenance assessment, if any
5. Annual maintenance assessment
6. Other Assessments or unpaid allowable charges

V. MISCELLANEOUS

A. Payment Methods.

For the Owner's convenience, the Board of Directors may authorize payment of Assessments through direct debit, credit card, or via electronic transfer from the Owner's bank account.

B. Coupon Book.

The Association may provide each Owner a coupon book or monthly bill indicating the amount of Assessment due. Non-receipt by an Owner of a bill or coupon book for payment shall in no way relieve an Owner of the obligation to pay the Assessment amount due by the Due Date.

C. No Exemption for Waiver of Use of the Common Areas or Lot Abandonment.

No Owner may exempt himself from liability to pay any Assessment when due by waiver of the use or enjoyment of any of the common areas, by abandonment of his Lot or perceived non-receipt of services.

D. Notice to Owners.

(1) All documents, correspondence and notices relating to Assessments and related matters shall be mailed to the Owner at the address that appears on the books and records of the Association. A roster of the current name and address of each Owner shall be kept by the Association.

(2) Alternate address. If the Owner no longer resides at the property address and would like all documents, correspondence and notices relating to Assessments to be mailed to an alternate address, such request shall be made in writing to the Managing Agent and the Board of Directors at least thirty (30) days prior to the desired change of mailing. The Owner shall bear the cost of re-printing coupon booklets to reflect the change to an alternate mailing address, if any.

(3) If the Owner provides no forwarding or alternate address, the Association presumes and will continue to send all documents, correspondence and notices concerning Assessments and related materials to the Owner's last address of record. The Association assumes no responsibility for locating an Owner's alternative address.

E. Capitalized Terms.

Certain capitalized terms used herein, unless otherwise defined herein, shall have the meanings specified for such terms in the Declaration.

