

ANNAPOLIS PRESERVE HOMEOWNERS ASSOCIATION, INC

**RULES AND REGULATIONS
FOR
COLLECTION OF ASSESSMENTS**

The Declaration of Covenants, Conditions and Restrictions for the Annapolis Preserve Homeowners Association, Inc. ("Association") as recorded in the Land Records of Anne Arundel County in Liber 7584, folio created an assessment obligation on all Owners within the Association through the budget process which is a continuing lien on the Lot and a personal obligation of the Owner--Declaration, Article 5. The collection of delinquent assessments is provided for in Section 5.9 of the Declaration, as well as the Association Bylaws in Article 13, the Maryland Contract Lien Act, Md. Ann. Code, Real Prop. Art., Sec. 14-201, *et seq.* and as otherwise provided by law.

In order to properly establish a specific collection policy, the Board of Directors adopts the following rules and regulations for the collection of delinquent assessments from Owners.

1. All assessments are due annually on the first (1st) of January of each year.
2. The Association shall enforce late fees and interest in accordance with the association documents and state law
 - Any assessments not paid within fifteen (15) days of the due date will be charged a late fee of \$15.00 or ten (10%) percent of the outstanding assessment whichever is greater.
 - Any assessment not paid within thirty (30) days from the due date shall also bear interest from the due date at the maximum legal rate which is currently ten (10%) percent per annum.
 - Pursuant to section 5.9 of the declaration any owner with unpaid assessments shall be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of assessments if not paid when due.
3. After fifteen (15) days from the due date all delinquent accounts shall be sent a notice by the management company via first class mail to the Owners' current address.
 - The notice will remind the homeowner of the amount due as well as the late fee and will advise them that amounts remaining unpaid for more than thirty (30) days from the due date will be turned over to the association's attorney for collection.

 RECEIVED FOR RECORD
ANNE ARUNDEL COUNTY CLERK'S OFFICE

2008 JUN 16 P 2.02

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|-------------------|----------|
| REPORTING FEE | 15.00 |
| TOTAL | 15.00 |
| Recpt # 3346 | |
| Ref# AA13 | |
| RPD DT BIK # 2987 | |
| Jun 16, 2008 | 02:01 PM |

- All delinquent assessment accounts that are forty-five (45) days late shall be turned over to the Association's attorney for collection pursuant to the Maryland Contract Lien Act. If payment is not received by that time, the remaining total of the unpaid installment of such assessment shall be accelerated.
- A "Notice of Intention to Create a Lien" ("Notice") shall be sent by certified mail, return receipt requested, and first class mail to the Owner's current mailing address. The Notice shall inform the Owner of the amount of the outstanding balance, including all past due assessments, late fees and costs of collection. The Notice will conform to the requirements of the Association's documents, Maryland Contract Lien Act and all other applicable law. If service by certified mail cannot be effectuated, the Notice will be posted on the homeowner residence.
- Upon service of the Notice and pursuant to the Maryland Contract Lien Act, the Owner must, within thirty (30) days of service, either forward payment in full to the Association's attorney or files a complaint in the Circuit Court for Anne Arundel County challenging the filing of a lien against the Owner's Lot. If the Owner does not forward full payment or file a complaint, the Association's attorney shall file a lien against the Owner's Lot after the thirty (30) day period has expired.
- The Owner shall be liable for all costs of this lien action including attorney's fees.

5. Upon filing a lien and upon approval of the Board of Directors, the Association's attorney may proceed with further legal action including, including but not limited to, foreclosing on the Lot, or filing a lawsuit against the Owner personally, in order to collect the past due assessments, late fees, costs of collection and attorney's fees.

6. Collection of past due balances will be credited as follows:

- First to pay all legal fees.
- Second to pay late fees and interest with the oldest balances reduced first.
- Third to pay outstanding assessment balances including special assessments with the oldest amount due in priority.

7. Partial Payments - In the event the Owner makes payment of less than all monies due and owing the Association after the Association's attorney has started collection proceedings, the Association's attorney shall notify the Owner by letter that the account remains delinquent as to all remaining monies owed to the Association. The Association's retention of the partial payment does not constitute a waiver of the

Board of Director's authority to lien the Lot or to take other legal action to collect the outstanding balance.

8. Any fines imposed by the Board of Directors as a result of violation of the Association documents including the Declaration, Bylaws and Rules and Regulations that are not paid in thirty (30) days of letter of notification of the fine by the Board, shall become an assessment against the Lot in violation and subject to collection under the Rules and Regulations outlined above.

This revision supersedes the prior policy adopted on April 28, 2003.

Please Return To:
Arthur Law Group, LLC
P.O. Box 1470
Annapolis, MD 21404-1470