

## COLLECTION POLICY RESOLUTION

FOR

### River Oaks Condominium Association, Inc.

WHEREAS the governing documents of River Oaks Condominium (hereinafter referred to as "the Condominium") provide that each owner shall make timely payment of the mandatory assessments, and

WHEREAS the Condominium depends upon timely payment of the mandatory assessments to meet its financial obligations, and

WHEREAS the governing documents provides the Condominium with certain remedies against a Unit owner for non-payment of assessments, and

WHEREAS the Condominium has experienced significant assessment delinquencies in the past, and

WHEREAS the Board of Directors deems it necessary and desirable to establish a procedure for instituting collection action against delinquent Unit owners

IT IS THEREFORE RESOLVED, this 28<sup>TH</sup> day of February 2008 that the following policy and procedure be adopted and implemented:

1. If a unit owner fails to pay his or her assessment when due the managing agent will send a brief reminder notice to the unit owner explaining that his or her payment was not received and that a late fee has been assessed to the account. The notice should instruct the unit owner to mail the amount due upon receipt of the notice. Any assessment which is not paid within 15 days of its due date shall be subject to an immediate late fee. Late fees and interest will accrue at the maximum rate permitted by the Maryland Condominium Act and the Bylaws of the Condominium. The current maximum late charge is 10% of the delinquent assessments amount or \$15.00 (whichever is greater) and the current maximum interest rate is 18% per annum.

2. If the account remains delinquent on the forty fifth (45<sup>th</sup>) day from the initial assessment, the managing agent should send a formal demand for payment. This demand for payment should include the amount due and a statement that the total balance must be paid within by the end of that month or the account will be referred to the Condominium's attorney for immediate collection action. The notice should provide a statement that the unit owner will be responsible for the costs of collection and attorneys fees.

3. If the unit owner fails to pay within the grace period provided, the account should be turned over for immediate collection action.

4. Upon receiving the account for collection, the attorney should obtain and review the current title information for the property to verify ownership and mailing addresses. The attorney

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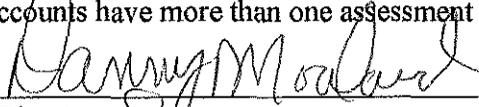
should also examine the civil docket for the county in which the property is located to determine if there is a pending foreclosure scheduled against the property. The attorney should verify that the unit owner is not currently in bankruptcy to avoid violating any automatic stay or discharge injunction.

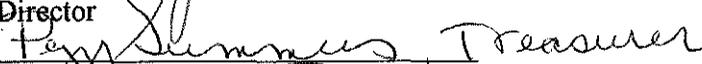
5. Once the attorney has verified all of the information above, the unit owner should be served with a Notice of Intent to Create a Lien in accordance with the Condominium's governing documents and the Maryland Contract Lien Act. If the unit owner should fail to pay or propose an acceptable repayment plan, the lien should be recorded to secure the delinquent assessments. If the governing documents allow, the lien should also include an acceleration of the remaining annual assessment.

6. After recording the lien, the attorney should take into consideration all information obtained as a result of the previous collection action and prepare an evaluation of the available collection alternatives. The attorney should send a final warning to the debtor explaining that the lien has been recorded and that the Condominium may proceed with a foreclosure action or a civil lawsuit to collect the debt, if the debt is not paid (or if a reasonable payment plan is not reached) within ten (10) days. The attorney should forward his or her recommendation based upon the previous evaluation and request that the Board of Directors respond with its decision as soon as possible.

7. The attorney should then proceed with additional collection as instructed by the Board of Directors.

8. It is the goal of this policy to collect the delinquent assessments as efficiently as possible. Therefore, the Board of Directors and the Condominium's attorneys shall be permitted to deviate from the above regimen. Failure to follow the exact procedures outlined above shall in no way prejudice the rights of the Condominium or impair its right to collect delinquent accounts. The Condominium may elect to delay referral of accounts to collection until such time as the accounts have more than one assessment due, however it is not required to do so.

  
Director

  
Director

  
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