

EVERGREEN ESTATES HOMEOWNERS ASSOCIATION, INC.

POLICY RESOLUTION NO. 3

POLICIES AND PROCEDURES FOR COLLECTION OF ASSESSMENTS

WHEREAS Article IV, Section 1 of the Declaration of Covenants, Conditions and Restrictions ("the Declaration") for Evergreen Estates creates an obligation for Owners to pay Annual Assessments and Special Assessments to Evergreen Estates Homeowners Association, Inc. ("the Association"); and

WHEREAS that Declaration sets forth certain remedies in the event of default;
and

WHEREAS, the Board of Directors of the Association recognizes that there is a need to establish orderly policies and procedures for the collection of said Assessments pursuant to the applicable documentaiy and statutory requirements and authority;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Evergreen Estates Homeowners Association, Inc. hereby adopts the following Assessment collection policy and procedure:

I. COLLECTIONS

A. Annual Assessments shall be due and payable in advance on the first day of each calendar year without necessity of further action by the Association, but may be paid in installments in the sole discretion of the Board of Directors. If any owner fails to pay any installments when due, the Board may demand full payment of the remaining Annual Assessment coming due that fiscal year immediately.

B. Special Assessments shall be due and payable the later of the first day of the Assessment Year with respect to which it has been levied, or such later date as specified by the Association. Any special assessment permitted may in the sole discretion of the Board of Directors be paid in installments. It is not paid when due the Board may demand full payment of the remaining Special Assessment immediately.

C. The Association may permit the Annual Assessment and/or any Special Assessment to be paid in installments in accordance with a schedule which shall be determined by the Association prior to the commencement of the Assessment Year.

D. Each Owner shall furnish the Association with the owner's name and current mailing address in writing. All documents, correspondence, and notices relating to the charges shall be mailed to the address of the Owner as such address appears on the books and records of the Association. If the Owner has not designated a different address to be listed on the books and records, all such documents, correspondence, and notices shall be sent to the Owner at the address of his lot in Evergreen Estates ("the Lot").

E. If payment of any Assessment is not received by Evergreen Estates Homeowners Association, Inc. or its designated agent by the fifteenth (15th) day after it first becomes due and payable, interest on the unpaid balance thereof shall accrue from the due date until paid in full at the rate of eighteen percent (18%) per annum, or the highest rate of interest which from time to time is permitted by applicable law.

F. If the Association receives from any Owner any check tendered for payment of the Annual Assessment which is returned unpaid by the Owner's bank, the Board

may require that Owner to make payments thereafter by cash, certified check, cashier's check, treasurer's check or money order. A handling fee of not less than twenty-five dollars (\$25.00) may be assessed for any personal check returned unpaid by the bank.

G. Partial payments tendered either to the Association or its attorney may be accepted, but only payment in full will stop collection proceedings, unless the Board of Directors expressly agrees otherwise. Unless otherwise specifically agreed in writing by the Board of Directors, payments will be applied in the order first to last as follows: 1) attorneys' fees , 2) collection costs, 3) interest charges, 4) other properly assessed fees and charges, 5) principal Special and Annual Assessment arrearage(s), and 6) current Special and Annual Assessments which may be due.

II. PROCEDURE FOR NON-PAYMENT OF ASSESSMENT

A. If payment of the Annual Assessment, any installment thereof or any Special Assessment is not received by the Association by the tenth (10th) day of the month when due, the Association may send to the Owner of record a notice of the Owner's delinquency. The notice may provide the following:

1. Request immediate payment of all Assessments due of whatever nature, and advise the Owner that interest on the unpaid balance shall accrue at the rate of eighteen percent (18%) per annum, or the highest rate permitted by law, until it is paid in full; and

2. Advise the Owner that unless payment in full is received within fifteen (15) days from the date of the notice, that the account will be forwarded to the Association's attorney for collection and that the Owner will be responsible for all costs of

collection, including attorneys' fees.

B. If payment of any Assessment, or installment thereof, is not received by the Association, the Association may send notice via certified mail to the Owner of record, that the account has not been paid, is being forwarded to the Association's attorney for collection, and that the Owner will be responsible for all costs of collection, including attorneys' fees.

C. Failure of the Association to send notice of the delinquency of an account shall not alleviate the Owner's obligation to pay the Assessment in full plus interest thereon and any costs of collection, including attorney fees, as such becomes due.

D. The Association may forward to the attorney a list of all delinquencies for collection at such time as it deems appropriate, but not later than sixty (60) days after the date the assessment was due. The list sent to the attorney shall reflect the current information contained in the Association's official books and records and shall include, for each delinquent Owner, the Owner's complete name, mailing address, address of Lot owned, and a breakdown of the total fees due. Copies of all prior notices mailed to the Owner to collect the amounts due shall also be sent to the attorney. Once a delinquent account has been referred to the attorney for collection, no further billing statements, or other correspondence relating to the delinquency, shall be sent to the Owner by the Association without first notifying the attorney of its nature and content.

E. Promptly upon receipt of the list of delinquencies from the Association, the attorney may cause a title search to be conducted and will cause each delinquent Owner to be served with a demand letter or a Notice of Intention to Create a Lien pursuant to Maryland law. The letter or notice will demand payment of all Assessments due, interest, the actual costs of collection (including service costs), plus reasonable attorneys' fees, and any other properly

assessed amount due from whatever source. Notice of the delinquency may also be sent to the mortgagee(s), if any, of the Lot. The letter will contain any and all additional information required by law.

F. The attorney will promptly advise the Association if the Owner files a Complaint in the Circuit Court for Prince George's County to determine whether probable cause exists for the establishment of a lien pursuant to the Maryland Contract Lien Act. The attorney will take any and all legal action necessary to establish the lien and will promptly advise the managing agent, if any, or the Board, of hearing dates and other pertinent events. If a Court hearing is required, representatives of the Board of Directors shall be made available upon request by the attorney to testify on behalf of the Association concerning the legitimacy of all amounts claimed in the Notice of Intent to Create a Lien and concerning all other matters as deemed appropriate by the attorney. In such proceedings, the attorney shall request the Court to assess all legal expenses against the Owner for costs incurred in establishing the lien.

G. If the Circuit Court determines that probable cause exists for the establishment of the lien, the attorney will undertake to establish the lien in accordance with all laws and Paragraph III below. If the Circuit Court determines that probable cause does not exist for the establishment of the lien, the attorney will advise the Board of Directors of the decision and recommend what further action, if any, should be taken to collect the amount due.

III. REMEDIES FOR NON-PAYMENT OF ASSESSMENT

A. If, within thirty (30) days from the service date of the Notice of Intent to Create a Lien, specified above, the delinquent Owner fails to remit the total amount due as claimed and does not exercise the rights as stated in the information mailed by the attorney, a Statement of

Lien, previously prepared by the attorney and executed by the Association, will be recorded by the attorney among the Land Records of Prince George's County. The Statement of Lien shall claim all Assessments due of whatever nature, late charges, interest, collection costs, and other charges permitted by law, together with reasonable attorneys' fees.

B. Upon recordation of the lien statement among the Prince George's County Land Records, the attorney may notify the mortgagee(s) and the delinquent Owner of the establishment of the lien and allow fifteen (15) days to cure the default before additional steps are taken to collect the amounts due. The attorney may evaluate the various collection alternatives, and recommend the best alternative to the Board. The Board will instruct the attorney, at that time, based upon the attorney's recommendation and all other information available, concerning what type of action, if any, should be taken to collect the amounts due.

B. If an action is filed by the Association to foreclose on a recorded Statement of Lien, payment on the delinquent account may be accepted and applied as provided above at any time until completion of the auction of the property under foreclosure. However, only full payment of all obligations of the Owner then owing to the Association, including costs and expenses of the foreclosure sale and all accrued attorneys' fees, will stop the foreclosure proceedings unless otherwise agreed in writing.

D. If a judgment for delinquent Assessments is obtained in the District Court of Maryland on behalf of the Association and is not paid, the attorney may prepare and file a Request to File Notice of (Judgment) Lien with the District Court of Prince George's County and with any other jurisdiction where the attorneys know the judgment debtor owns real property. If the Judgment is not paid in full, the attorney may send a post-judgment collection letter to the

debtor demanding payment in full.

E. The Board of Directors, its attorneys and agents may take any other lawful action deemed necessary or advisable to collect any judgment or delinquent Assessment.

IV. GENERAL COLLECTION PROCEDURE POLICIES

A. The Association shall provide the attorney with a statement of collection costs incurred by it prior to referral, and all collection costs incidentally incurred by it thereafter. In order to facilitate any collection procedure employed, the Association will advise the attorney of any and all information available to it that pertains to the delinquent Owner, including place of employment, and bank account information.

B. The Association shall promptly notify the attorney of any payments or other correspondence it receives on behalf of the delinquent Owner while the attorney is actively involved in the collection.

C. The attorney will keep a full accounting of all legal fees and expenses paid by the law firm on the Association's behalf.

D. It is the intention of the Board of Directors that the least cumbersome, most effective method of collection be used at all times. In this regard, those employing this collection procedure are authorized to deviate from it when special circumstances indicate that such deviation is in the best interest of the Association. As such, the Board of Directors is empowered to grant a waiver of any provision herein upon a written request from an Owner alleging a compelling personal hardship. Such relief, if granted, shall be appropriately documented in the records of the Association.

E. This procedure will be reviewed periodically by the Board of Directors of the

Association in consultation with its attorneys and its managing agent, if any, to ensure that the procedure is effective and in compliance with current law.

F. This procedure shall serve only as a guideline for the Association and non-compliance with any of these procedures by the Association, its Board of Directors or its attorneys, shall not mitigate or excuse the payments of assessments costs and other fees when due.

The foregoing Evergreen Estates Homeowners Association, Inc. Policies and Procedures for Collection Assessments is:

Duly approved at a _____ meeting on _____

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

_____ Yes _____ No _____
Board Member

OR if by Membership vote

APPROVAL CERTIFIED BY

ATTEST:

President

Secretary

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