

FOUNTAIN HILLS COMMUNITY ASSOCIATION, INC.

POLICY RESOLUTION FOR THE COLLECTION OF ASSESSMENTS

A. WHEREAS, Article V, Section 1 of the Declaration of Covenants, Conditions and Restrictions ("Declaration") for the Fountain Hills Community Association, Inc. ("Association") requires each Member to pay to the Association, in advance, a monthly sum, also referred to as general assessment or maintenance assessment, equal to one-twelfth (1/12) of the Members' proportionate share of the annual expenses of the Association, and

B. WHEREAS, Article VI, Section 1 of the Declaration for the Association requires each fee owner of a townhouse lot to pay to the Association, in advance, a monthly sum, also known as a "townhouse assessment", equal to one-twelfth (1/12) of the Members' proportionate share of the annual expenses for maintenance of the private streets and roadways and for performing such maintenance and repairs upon the townhouse lots as the Association may from time to time elect, and

C. WHEREAS, Article VII, Section 1 of the Declaration provides that any assessment shall be due on the first (1st) day of each calendar month, and

D. WHEREAS, Article VII, Section 1 of the Declaration provides that any assessment, or any installment thereof, that is not paid within 10 days after it is due may, upon resolution of the Board of Directors ("Board"), bear interest at a rate not to exceed the maximum legal rate, and that the Board may impose late charges upon any assessment which has not been fully paid when due, and

E. WHEREAS, Article VII, Section of the Declaration further provides that any assessment levied pursuant to the Declaration, or installment thereof, not paid when due shall be delinquent and shall, together with interest, late charges and the costs of collection, become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied, and

F. WHEREAS, Article VII, Section 3 of the Declaration provides that, upon the default in the payment in any one or more installments of any assessment, the entire balance of the annual assessments may be accelerated and be due and payable in full, and

G. WHEREAS, Section 11 B-112.1 of the Maryland Homeowners Association Act provides that a late charge in the amount of \$15, or one-tenth of the total amount of the delinquent installment, whichever is greater, may be imposed if a payment is not received more than 15 days after it is due, and

H. WHEREAS, Article VI, Section 1 of the Declaration provides that the Association may bring a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, without foreclosing or waiving the lien created to secure the same, and

I. WHEREAS, Article IV, Section I(D) of the Declaration provides that the Association has the right to suspend the voting rights and the rights to use the Common Area and Community Facilities for any period during which any assessment remains unpaid, and

J. WHEREAS, Article VII, Section 2 of the By-Laws of the Association charges the Board of Directors with the responsibility for the establishment and collection of assessments and to foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same, and

K. WHEREAS, it is the intent of the Board of Directors to establish a method for the collection of delinquent assessments in accordance with the Declaration, the Maryland Homeowners Association Act, the Maryland Contract Lien Act and other applicable law.

NOW THEREFORE, BE IT RESOLVED that the procedure for the collection of delinquent assessments be as follows:

1. For purposes of this policy resolution, the general assessment and townhouse assessment shall be hereinafter collectively referred to as "assessments".

2. Monthly assessment installments are due on the first day of each month, as provided in Article VII, Section 1 of the Declaration. If a monthly assessment installment is not received by the management company by the fifteen (15) day of the month in which it is due, or if any other assessment payment, other than a monthly installment of annual assessments, is not received within 15 days after the date on which such payment is due, a late fee in the amount of \$15, or one-tenth of the total amount of the delinquent installment, whichever is greater, will be added to the account, provided, however, that only one late fee shall be added for each late or unpaid installment, and the unpaid balance of such assessment shall bear simple interest at the rate of 6% per annum, until paid, all pursuant to Article VII, Section 1 of the Declaration. Atal such delinquent assessments, late fees, costs of collection and interest shall become part of the Association's lien pursuant to Article VIJ, Section 1 of the Declaration.

3. First Month Delinquency - If a monthly assessment installment is not received by the management company by the fifteen (15) day of the month in which it is due, or if any other assessment payment, other than a monthly installment of annual assessments, is not received within 15 days after the date on which such payment is due, the management company will send a notification of the delinquency by first class mail to the owner at his or her last known address. Failure to receive a notice, however, does not relieve an owner of the obligation to pay the required assessment, late fee, or any other charges.

4. Second Month Delinquency - If any unpaid balance remains on an owner's assessment account 45 days after the original due date of the assessment, a "Notice of Intent to Record a Statement of Lien", shall be mailed by the management company or other Agent of the Association to the owner by registered or certified mail, return receipt requested, to the owner's last known address. An additional processing fee for the "Notice of Intent to Record a Statement of Lien" will be added to the owner's assessment account as a cost of collection. If the owner refuses to accept the registered or certified mail, the management company or Association's agent may have the "Notice of Intent to Record a Statement of Lien" posted on the owner's lot as provided in the Maryland Contract Lien Act, and an additional fee for posting will be added to the owner's assessment account as a cost of collection. All of the foregoing costs of collection shall become a part of the Association's lien pursuant to Article VII, Section 1 of the Declaration.

5. The "Notice of Intent to Record a Statement of Lien" shall include all information required by the Maryland Contract Lien Act, as amended from time to time.

6. In accordance with the Maryland Contract Lien Act, if, (30) days after service of the "Notice of Intent to Record a Statement of Lien," the owner has not filed a complaint in the Circuit Court for Montgomery County pursuant to the Maryland Contract Lien Act, and the management company or Association's agent has not received full payment of all past due assessments, interest, late charges and costs, all installments of assessments due for the remainder of the fiscal year from that owner will be accelerated and will become due and payable in full, and a Statement of Lien for all amounts secured under the Declaration and the Maryland Contract Lien Act will be recorded in the Land Records of Montgomery County.



7. Pursuant to Article VII, Section 1 of the Declaration, the lien will secure payment of:
- Assessments, including accelerated assessments for the remainder of the year, pursuant to Article VI, Section 3 of the Declaration; All costs of collection, including without limitation all processing fees;
 - Interest.
8. The Association may refer the case to legal counsel for collection action, which may include foreclosure proceedings and/or an action at law, and the Association's management agent is hereby authorized to refer such cases to legal counsel, to serve as the Association's agent in dealing with legal counsel, and to negotiate settlement of such cases on behalf of the Association, when appropriate. If the Association initiates foreclosure proceedings or an action at law against the owner, interest, costs of collection and reasonable attorney's fees (in an amount of not less than 20% of the sum claimed) incurred by the Association in connection with such action shall be added to the assessment and shall be payable by the owner, pursuant to Article VII, Section 1 of the Declaration.
9. If, for 3 consecutive months, an owner's account has a past due balance in an amount equaling or exceeding one monthly assessment installment, and if a Statement of Lien has not previously been recorded for such past due balance, procedures as outlined in paragraphs 4-7 will be initiated, and the delinquency may be referred to legal counsel, pursuant to paragraph 8 above, in the discretion of the Board.
10. Payments received from an owner shall be credited in the following order of priority:
- Attorney's fees;
 - Collection costs;
 - Fines;
 - Late fees;
 - Interest;
 - Assessments, including any special assessments;
11. If an owner's assessment account balance is more than 30 days past due, the owner's voting rights and the rights of the owner and the owner's tenants, family, guests, licensees and invitees to use the Common Area and Community Facilities shall be suspended for any period during which such assessment delinquency remains unpaid. The foregoing suspension shall not be construed to deny access through the Common Area to and from the owner's lot.

