

ANNAPOLIS OVERLOOK CONDOMINIUMS ASSOCIATION, INC.

COLLECTION PROCEDURE

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1. The Management Company will prepare a collection letter to be sent to all owners who are ten (10) days delinquent in payment of assessments, requesting immediate payment, and advising the unit owner that if payment is not received within fifteen (15) days, their assessments will be accelerated through the end of the fiscal year. There will be a \$10.00 fee assessed by the Management Company for this letter. If payment is not received by the 15<sup>th</sup> day of the month, a \$15.00 late charge will be assessed. On the 30<sup>th</sup> day of the delinquency, the Management Company will send a letter that states that a verification of ownership will be performed to determine ALL of the owners of record. There will be a \$50.00 fee assessed by the Management Company for this letter. After obtaining this information, the Management Company will send a Notice Of Intent To Create a Lien to all owners of record by regular and certified mail. Failure to properly serve all owners in this manner will result in either a private processor being hired or the unit being posted. All charges incurred will be the unit owners responsibility to pay. The Notice will demand payment of all past due and accelerated assessments, late charges and costs of collection and will advise the owner of the intent to record a lien against the unit, and his/her legal right to contest the amount claimed in a show cause complaint filed in the Circuit Court for Anne Arundel County.

2. The Notice Of Intent To Create a Lien will advise the delinquent unit owner that he/she has thirty (30) days from the date of the Notice to file a complaint in the Circuit Court for Anne Arundel County to determine whether probable cause exists for the establishment of the lien. If the owner fails to file a complaint within the thirty (30) day period, a Statement of Condominium Lien previously prepared by the attorney will be sent to the Management Company at the expiration of the thirty (30) day period, for execution and inclusion of a check for filing fees and mailing to the Clerk of the Circuit Court for Anne Arundel County. Notice of intention to foreclose will also be sent to the holders of all mortgages upon the unit. The Statement of Condominium Lien will claim all assessments and other charges permitted by law, together with reasonable attorney's fees.

3. If the owner files a complaint in the Circuit Court for Anne Arundel County to determine whether probable cause exists for the establishment of a lien, the attorney will advise the Board of Directors and Management Company of the filing. The attorney will advise the Board and Management Company of any hearing date established by the Circuit Court, and take any and all legal action necessary to establish the lien. If a Court hearing is required, a representative of the Management Company will be requested to testify on behalf of the Condominium as to the legitimacy of all amounts claimed in the Notice Of Intent To Create a Lien. The attorney will request the Circuit Court to assess all legal expenses against the owner for all attorneys fees and costs incurred in establishing the lien.

4. If the Circuit Court for Anne Arundel County determines that probable cause exists for the establishment of the lien, the attorney will prepare same in accordance with Paragraph 3 above. If the Circuit Court determines that probable cause does not exist for the establishment of the lien, the attorney will advise the Board of the Court's decision and recommend what further action, if any, should be taken against the owner.

5. After date of filing of the lien, payment tendered either to the Management Company or to the attorney will not be accepted unless it is by certified check, cashier's check or

money order, payable to the attorney's law firm, and constitutes payment in full of all amounts claimed in the lien. The Management Company will forward all payments it receives to the attorney. Personal checks will not be accepted and will be returned to the owner.

6. If no payment is received from the owner within thirty (30) days after the date of establishment of the lien, the attorney will, at the direction of the Board of Directors, prepare a Petition to Foreclose on the lien or file a Complaint in the District Court of Maryland and transmit it to the Management Company for execution and filing in the Circuit Court or District Court. If trial in District Court is necessary, a representative of the Management Company will be requested to testify on behalf of the Condominium as to the legitimacy of all amounts claimed.

7. Full payment will be accepted from the delinquent unit owner at any time until the auction for the property under foreclosure, and such payment shall include all assessments, accrued interest, attorney fees, late charges, if any, costs of collection, and auction costs incurred. Only payments by certified or cashiers' check, or money order will be accepted. Personal checks will not be accepted and will be returned to the owner.

8. The attorney will keep a full accounting of all fees and expenses paid by his firm and will request the same of the Management Company.

9. It is the intention of the attorney that the least cumbersome, most effective method of collection will be used at all times.

10. In order to facilitate the collection of delinquent assessments, the Management Company will advise the attorney of any and all information pertaining to the owner, including place of employment and bank account information, if known. This information is requested in order to provide the attorney with the alternative of filing suit in the District Court of Maryland to obtain judgement as opposed to instituting foreclosure.

11. Should the Board of Directors agree to any payment arrangement with the unit owner, the attorney will cease activity on the collection matter at the time the payment agreement is accepted by the owner and a copy of the plan is received by the attorney, but will not close the matter until the payment arrangement is completed. Neither the Management Company nor the attorney has authority to enter into a payment agreement unless the Board of Directors provides written authority to do so.

13. This procedure will be reviewed at least annually by the Board of Directors of the Condominium in consultation with the attorney and the Management Company, to assure that the procedure is effective.