

**COUNCIL OF UNIT OWNERS OF
KING FARM CONDOMINIUM, INC.**

Policy Resolution No. 20-1

(Policy and Procedures Regarding the Collection of Assessments)

WHEREAS, Section 2.2.4 of the Bylaws of the Council of Unit Owners of King Farm Condominium, Inc., (hereinafter, “the Council”) states that the Board of Directors (“Board”) shall have all the powers and duties necessary to govern and administer the affairs of the Council;

WHEREAS, Section 11-109(d) of the Maryland Condominium Act (“Act”) and Section 2.2.2(b) of the Bylaws provides the Board with the power to adopt and amend budgets for revenues, expenditures, and reserves, and collect assessments for common expenses from unit owners;

WHEREAS, Article III of the Bylaws empowers the Board to levy annual assessments, special assessments, and emergency special assessments against each unit for the common expenses of the Council;

WHEREAS, Section 3.1.4(c) the Bylaws provides that the annual assessments against each unit for its proportionate share of the common expenses shall be payable in equal monthly installments in advance on the first day of each month, without notice;

WHEREAS, Section 3.1.4(c) the Bylaws and Section 11-110 of the Act state that upon the default of any installment of any annual assessment, which continues for fifteen (15) days after written notice of such default to the owner, the entire balance of the assessment shall be accelerated and immediately due and payable;

WHEREAS, Section 3.4 of the Bylaws and Section 11-110 of the Act provide that any assessment, or installment thereof, that is not paid within fifteen (15) days after the due date shall incur a late fee of \$15.00 or 10% of the total amount of any delinquent assessment or installment, whichever is greater;

WHEREAS, Section 3.4 of the Bylaws and Section 11-110 of the Act provide that any assessment, or installment thereof, that is not paid within thirty (30) days after the due date shall bear interest at eighteen percent (18%) per annum from the 30th day after the due date until paid;

WHEREAS, Section 3.5 of the Bylaws and Section 11-110 of the Act state that each unit owner shall be personally obligated to pay his/her proportionate share of the common expenses as assessed by the Board while he/she is the owner of the unit and for unpaid assessments that came due and for which a statement of lien was recorded prior to his/her purchase of the unit;

WHEREAS, Section 3.5 of the Bylaws and Section 11-110 of the Act state that no unit owner may exempt him/herself from personal liability of assessments by waiver of the use or enjoyment of any of the common elements or by abandonment of his/her unit;

WHEREAS, Section 2.4.10(b)(ix) of the Bylaws and Section 11-110 of the Act provide that any assessment or installment thereof that is not paid on the date when due shall, together with late charges, interest, costs of collection, and reasonable attorneys' fees, constitute a lien on the unit against which such assessment is imposed;

WHEREAS, Article 5, Section 5.7 of the Bylaws states that amounts collected for past due assessments and related costs shall be applied first to attorneys' fees and other collection costs, second to late fees, third to interest, and fourth to delinquent assessments;

WHEREAS, Sections 3.3.4 and 3.6 of the Bylaws and Section 11-110 of the Act authorize the Board to bring an action at law against any owner personally obligated to pay assessments that has failed to do so and/or to foreclose on a lien against such owner's unit, as well as any other relief available to the Council;

WHEREAS, Section 2.4.10(b)(ix) of the Bylaws and Section 11-110 of the Act states that the Board is entitled to its costs of collection, including reasonable attorneys' fees; and

WHEREAS, the Board deems it necessary and in the best interests of the Council to adopt and publish these rules and procedures for the collection of assessments.

NOW THEREFORE, BE IT RESOLVED THAT the Board duly adopts the following rules and procedures for the collection of assessments:

I. ASSESSMENTS AND ROUTINE COLLECTIONS

- A. The Council shall operate on a calendar year, beginning January 1 and ending December 31. The annual assessment may be paid in twelve (12) monthly installments throughout the calendar year, subject to the Council's right to accelerate the annual assessment upon default.
- B. All installments of the annual assessments shall be due and payable in advance on the first day of the applicable month ("Due Date"). All special assessments, emergency special assessments, additional assessments, or other charges shall be due and payable on the date or dates specified in the notice of the special or additional assessment.
- C. All documents, correspondence, and notices relating to regular or special or additional assessments or other charges shall be mailed to the address that appears in the official books and records of the Council or to such other address as designated in writing by the owner and sent to the Council's Managing Agent. All owners shall be responsible for providing the Council with timely notice of any changes in their addresses of record. Each non-resident owner shall provide the Council with an address where the owner will

promptly and regularly receive mail. Any failure by an owner to: (1) update his/her address of record with the Council; (2) receive/accept a first class mail notice; or (3) claim a certified mailing sent by the Council, will not invalidate the notice issued by the Council.

- D. Non-receipt of payment coupons, an invoice, notice of assessment, or late notice shall in no way relieve an owner of the obligation to pay the amount due by the Due Date. All owners are under a legal duty to seek out information about assessments.
- E. Collection of all payments of assessments and implementation of all procedures relative thereto is hereby delegated to the Management Agent with guidance to be provided by the Board of Directors.

II. REMEDIES FOR NONPAYMENT OF ASSESSMENTS

- A. If payment is not received by the managing agent within fifteen (15) days of the Due Date account shall be deemed late and a late fee of 10% of the assessment amount shall be automatically added to the account. In addition, if payment is not received within 30 days after the Due Date, interest at eighteen percent (18%) per annum shall begin to accrue from the 30th day after the Due Date until the assessment(s) is paid in full. The late fees and interest shall be a part of the lien as provided for by the Act and Bylaws until all sums due, including late charges and accrued interest, shall have been paid in full.
- B. A payment is considered received by the Council on the date that it is delivered to the lockbox address or the Council's managing agent if mailed/hand delivered. The date that a check is written or the date that it is mailed does not constitute receipt.
- C. Costs of collection shall also be added to delinquent accounts. Costs of collection shall include, but shall not be limited to: administrative charges; notice charges; reasonable attorneys' fees; process service charges; copy charges, postage and mailing charges; and any other charges/fees incurred by the Council or its agents, contractors, attorneys, or managing agent in the collection of delinquent assessments, whether the delinquent account is settled by agreement or legal action.
- D. No further notice of the imposition of interest, late fees, and/or costs of collection, including reasonable attorneys' fees, is required to be provided to the defaulting owner.
- E. A "Late Notice" shall be sent to owners who have not paid their assessments by the Due Date. The Council (by and through its managing agent) shall have the discretion, but not obligation, to send additional late notices. Any failure to provide a late notice in accordance with this Resolution shall not relieve any owner of his or her obligations or invalidate any collection action.
- F. If payment in full, including late charges, costs of collection, and accrued interest is not received by the managing agent within the time allotted in the Late Notice, the delinquent account will be referred to the Council's attorney for legal action to collect the debt, and the

owner will be responsible for reasonable attorneys' fees and related costs of collection incurred.

- G. The Council's attorney shall send an initial letter regarding the delinquent balance to the owner in accordance with the Act. If payment in full, including late charges, accrued interest, attorneys' fees, and costs of collection, is not received by the Council's attorney within the time allotted in the initial letter, the remaining installments of the annual assessment shall be accelerated, if they have not already been accelerated by the Council. The Council's attorney shall also take such other appropriate legal action, including but not limited to recording a lien against the title of the unit, filing a lawsuit against the owner and enforcing any resultant judgments, reporting judgments to the credit bureau for inclusion on the owner's personal credit report, and/or pursuing a foreclosure.

III. RETURNED CHECKS

- A. If the Council receives from any owner, in any assessment year, two or more returned checks or electronic funds transfers (for any reason whatsoever), the Council may terminate future scheduled electronic funds transfers without notice and the owner may be required to make all future payments by certified check, cashier's check, or money order.
- B. In addition, a reasonable charge will be added to the owner's account for each returned check or electronic funds transfer, which amount is currently twenty-five dollars \$25.00, not including any fees/costs for late notices pursuant to this Resolution. The returned check fee may be changed by the Board, managing agent, and/or the Council's banking institution from time to time without notice.
- C. A notice of the returned check and returned check fee will be sent to the owner for correction. If a returned check results in a late payment of the account, the late charge and/or interest as set forth above will be imposed.

IV. PARTIAL PAYMENTS

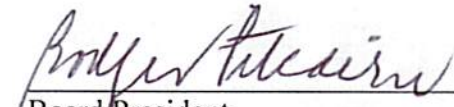
- A. Once an account has been referred to the Council's attorney for legal action and collection, payments received for the delinquent account will be credited in the following order of priority:
1. Attorneys' fees and costs of collection;
 2. Late fees;
 3. Accrued interest;
 4. Fines;
 5. Repair expenses and other charges;
 6. Past due annual and/or special assessments or installments thereof; and
 7. Current annual and/or special assessments.

- B. The Council reserves the right to reject partial payments that contain restrictive language or compromise the Council's claim.

V. MISCELLANEOUS

- A. The Board may grant a payment plan or waiver of late fees and/or interest upon petition in writing by an owner alleging a personal hardship or other exceptional cause. Such relief granted to an owner shall be appropriately documented in the Council's books and records along with the conditions upon which such relief was granted. Such relief shall be made on a case-by-case basis upon review of the circumstances. Furthermore, any grant of relief on one occasion shall not be deemed or construed as a waiver to enforce late fees and/or interest in any future instance of delinquency by such owner or any other owner.
- B. Nothing in this Resolution is intended to limit the Council's enforcement remedies. In addition to the remedies outlined above, the Board shall have the authority to initiate such other remedies outlined in the Council's condominium instruments or any and all applicable laws as it deems necessary.
- C. This Resolution supersedes all other resolutions regulating the same subject to the extent that they conflict.
- D. This Resolution is based upon current requirements of the Act, the requirements of the Council's condominium instruments, and other applicable statutes and regulations, and is automatically amended to incorporate relevant changes. Should any provision hereof be decreed or ruled to be invalid, then such portion shall be deemed severable and the remaining provisions shall not be considered impaired or invalid.
- E. The Board may make modifications to this Resolution as it may from time to time deem appropriate.
- F. This Resolution shall apply to all current and future delinquencies as of the effective date.
- G. The effective date of this Resolution shall be January 26, 2021.
- H. This Resolution is adopted pursuant to Article VII of the Bylaws and Section 11-111 of the Act.

Council of Unit Owners of
King Farm Condominium, Inc.


Board President
Rodger Pitcairn

FOR COUNCIL RECORDS

I hereby certify that a copy of the foregoing Policy Resolution No. 20-1 was mailed or hand-delivered to the members of the Council of Unit Owners of King Farm Condominium, Inc., on _____, 2020.

Alena Marie Proctor, CMCA, AMS
Community Manager

**COUNCIL OF UNIT OWNERS OF
KING FARM CONDOMINIUM, INC.**

RESOLUTION ACTION RECORD

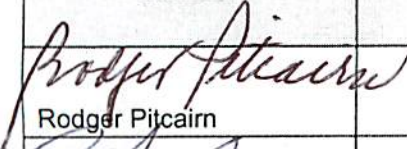
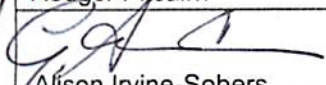
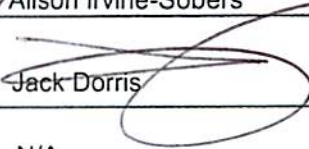

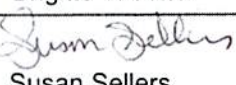
Resolution Type: Policy Resolution

Pertaining to: Policy and Procedures Regarding the Collection of Assessments

Duly adopted at a meeting of the Board of Directors held: January 25, 2021. ~~XXXX~~

Motion by: Rodger Pitcairn

Seconded by: Alison Irvine-Sobers

NAME	TITLE	YES	NO	ABSTAIN	ABSENT
 Rodger Pitcairn	President	X			
 Alison Irvine-Sobers	Vice President	X			
 Jack Dorris	Treasurer	X			
N/A	Secretary				
 Brigitte Tricotte	Director	X			
 Susan Sellers	Director	X			

Attest: 
~~Secretary~~ President

January 26, 2021
Date