

**COUNCIL OF CO-OWNERS OF LAKESIDE TERRACE CONDOMINIUM
PROCEDURE FOR COLLECTION OF ASSESSMENTS**

WHEREAS, Article V, Section 4 of the Bylaws of the Council of Co-Owners of Lakeside Terrace Condominium (“Association”) obligates each Co-Owner (herein referred to as “Unit Owner”) to pay certain common charges (“Assessments”) imposed by the Board of Directors;

WHEREAS, Article V, Sections 1 and 2 of the Bylaws establish the basis for Assessments;

WHEREAS, Article V, Sections 6 and 7 of the Bylaws and Section 11-110 of the Maryland Condominium Act establish certain remedies for non-payment of Assessments, including the imposition of late charges, interest, the acceleration of the entire balance of Assessment installments, and foreclosure of the lien against the property;

WHEREAS, Article III, Section 2(c) of the Bylaws provides that the Board of Directors shall collect Assessments;

WHEREAS, the Board of Directors desire to implement a new standard procedure for the collection of Assessments and other charges, as the same have been interpreted from time to time;

WHEREAS, there is a need to establish orderly procedures for the billing of Assessments as well as collection of delinquent Assessments;

NOW, THEREFORE, BE IT RESOLVED that any previously adopted collection policy is hereby rescinded, and the Board of Directors hereby resolves to promulgate the following procedures and guidelines for the collection of delinquent Assessments in accordance with the governing documents:

I. DUE DATE/INSTALLMENTS

All annual Assessments levied by the Board of Directors shall be payable in twelve (12) monthly installments (“Installments”), which are due in advance, on the first (1st) day of each month (“Due Date”). The Board will determine the Due Date and payment schedule for any special Assessment so assessed. All fines will be collectible in the same manner as Assessments and will due on the date imposed or on a schedule to be determined by the Board of Directors.

II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

A. Late Charge and Interest.

If any Installment due from the Unit Owner is not received by the Association by the fifteenth (15th) day of the month the Installment is due, the Unit Owner's account shall be deemed late and a late charge of one tenth (1/10) of the delinquent Installment, and interest in the amount of eighteen percent (18%) per annum, accruing from the Due Date, will be imposed and shall be added to the Unit Owner's account and thereafter be a part of the continuing lien for Assessments and shall be the personal obligation of the Unit Owner until all sums due have been paid in full.

B. Delinquency Notification.

After the account is fifteen (15) days past due, a "Late Notice" requesting payment of past due Assessments, late charges, interest, costs of collection and other allowable charges may be sent by first class mail to any Unit Owner whose account is delinquent.

C. 30-Day Notice of Delinquency.

After the account is thirty (30) days past due, an additional delinquency notice demanding past due Assessments, late charges, interest, costs of collection and other allowable charges may be sent by first class mail to any Unit Owner whose account is delinquent.

D. Acceleration.

In the event that any Installment is late, the Unit Owner loses the privilege of payment of the balance of the Assessments in installments and the remaining Installments may be accelerated and declared due and payable, pursuant to Article V, Section 6 of the Bylaws.

E. Referral to Attorney For Further Collection.

If the Unit Owner's account is over sixty (60) days past due, or when otherwise determined appropriate by the Board of Directors, the delinquent account may be referred to the Association's attorney to proceed with further legal action, which may include the filing of a lien against the Unit and/or the filing of a civil suit against the Unit Owner.

F. Demand Letter.

Once the account is turned over to the Association's attorney, the attorney may forward the Unit Owner an initial demand letter, informing the Unit Owner of the outstanding amount owed and the possible consequences of continued non-payment.

The Association's attorney, as it determines appropriate, may forego sending the demand letter and proceed directly with the preparation of a Notice of Intent to Create a Lien and/or filing of a civil suit. The cost incurred in the preparation and mailing of this letter is deemed to be a cost of collection.

G. Notice of Intent to Create Lien.

The Association's attorney may forward a Notice of Acceleration/Intention to Create a Lien ("NOI") to the delinquent Unit Owner in accordance with the provisions and procedures set forth in the Maryland Contract Lien Act and any additional costs incurred shall become the responsibility of the Unit Owner.

H. Filing of Lien.

(1) If payment in full as stated in the NOI, including interest, collection costs and other allowable charges incurred is not received by the Association, its Management Agent or the Association's attorney within thirty (30) days after the NOI is served upon the delinquent Unit Owner, then a Statement of Condominium Lien may be filed in the Land Records of Montgomery County against the Unit, in accordance with the Maryland Contract Lien Act.

(2) Fees. The Lien shall be filed for and include the amount of unpaid accelerated Assessments, together with late charges, interest at the rate of eighteen percent (18%), actual costs of collection, including the costs of preparing a Demand Notice, the costs of preparing and serving the NOI and the preparation for the Lien and attorneys' fees, and any charges and/or fines assessed against the Unit Owner. The Unit Owner is also responsible for all fees incurred in the filing and releasing of a recorded lien, including, but not limited to, filing fees and recordation taxes. No lien will be released until the full amount owed on the account is paid, including outstanding attorneys' fees, interest, and other charges.

I. Collection Suit.

(1) Filing of Civil Suit. The Association's attorney may file a civil suit in the appropriate court of Montgomery County against the delinquent Unit Owner on the basis of the Unit Owner's personal contractual obligation to pay Assessments, late fees, interest and other costs. The suit will seek a judgment for all fees included in the lien plus additional charges that may become due after the filing of the lien.

(2) Unit Owner Responsibility for all Costs of Collections. All costs of collections, including, the costs of the preparation of any notices prepared by the attorney, all filing fees, private process server costs and reasonable attorneys' fees, will be added to the delinquent Unit Owner's account.

(3) Execution Upon Judgment. Upon entry of judgment against the Unit Owner,

the Association may commence execution upon the judgment, including, but not limited to, garnishment of wages, garnishment of bank account(s), certificates of deposit, and attachment of the Unit Owners' real and personal property. If the Unit is a rental property, the Association may garnish the rents from the tenant to pay the judgment owed to the Association.

J. Foreclosure.

(1) The Association may additionally, pursuant to Article V, Section 7 of the Bylaws, authorize its attorney to commence proceedings to enforce and foreclose upon the lien placed against Unit owned by the delinquent Unit Owner in accordance with the provisions of the Maryland Contract Lien Act.

(2) The Unit Owner shall be responsible for all costs and fees incurred in the foreclosure proceedings.

(3) Under the authority provided by the Maryland Contract Lien Act and the governing documents of the Association, the delinquent Unit Owner may have their Unit sold at foreclosure and the Unit Owner may be evicted from the condominium.

K. Returned Checks.

(1) If the Association receives from any Unit Owner, in any accounting year, two (2) or more returned checks for payment of Assessments, the Board of Directors may require all future payments to be made by certified check, cashier's check or money order for the remainder of the fiscal year.

(2) Bad Check Fee. The Unit Owner shall be levied and obligated for a thirty-five dollar (\$35) charge for any check or any payment from any payment method authorized by the Board of Directors is returned by the bank for "insufficient funds," which fee shall be posted to the Unit Owner's account.

(3) Criminal Prosecution. Additionally, the Association reserves the right to criminally prosecute any Unit Owner for the passing of "bad checks" under the Maryland Bad Check Statute.

L. Financial Hardship.

(1) The Board of Directors may, in its sole discretion, but is in no way obligated to, grant a waiver of any provision herein, upon written request by a Unit Owner alleging a personal or financial hardship.

(2) Such relief granted shall be appropriately documented in the records of the Association. Such documentation shall include, without limitation, the basis for taking such action.

M. Communications.

Once the delinquent account is turned over to the Association's attorney for collection, all communication from the delinquent Unit Owner regarding his or her account shall be directed by the Board of Directors and the Management Agent to the Association's attorney.

N. Payment of Assessments by Tenant.

Notwithstanding any of the provisions contained herein regarding the Association's ability to undertake collection action against a Unit Owner due to non-payment of Assessments, and in the event a delinquent Unit Owner has leased his Unit, pursuant to the terms of the Association's lease addendum, the Association may proceed and collect rents directly from the tenant without obtaining a court order. Nothing herein shall be interpreted to limit the Association's right to take the appropriate collection action against a Unit Owner even if the Association is collecting rents directly from the Unit Owner's tenant.

III. REVOCATION OF PRIVILEGES

A. Voting Rights. No Unit Owner is eligible to vote at any meeting if, at the time of the meeting, the Unit Owner has a Statement of Condominium Lien recorded against his or her Unit and the amount to release the lien has not been paid, pursuant to Article II, Section 2 of the Bylaws.

B. Election to the Board of Directors

No Unit Owner is eligible to be elected to the Board of Directors, if at the time of the meeting the Unit Owner has a Statement of Condominium Lien recorded against his or her Unit and the amount to release the lien has not been paid, pursuant to Article II, Section 2 of the Bylaws.

C. Suspension of Use of Community Facilities and Services

The Board of Directors, after the required notice and a hearing, may suspend any delinquent Unit Owner's right to utilize the community facilities, including the pool, and right to receive any community services provided by the Association. Such suspensions, if

imposed, will be effective against any tenant or resident of the delinquent Unit Owner's Unit.

IV. PRIORITY OF PAYMENTS

Payments received from a Unit Owner will be credited to the Unit Owner's account according to the following order of priority:

1. Attorneys' fees and other legal and collection costs
2. Late Fees
3. Interest
4. Special Assessment, if any
5. Annual Assessment
6. Other Assessments
7. Fines and unpaid charges

V. MISCELLANEOUS

A. Payment Methods.

For the Unit Owner's convenience, the Board of Directors may authorize payment of Assessments through direct debit, credit card, or via electronic transfer from the Unit Owner's bank account.

B. Coupon Book.

The Association may provide each Unit Owner a coupon book or monthly bill indicating the amount of Annual Assessment due. Non-receipt by a Unit Owner of a bill or coupon book for payment shall in no way relieve a Unit Owner of the obligation to pay the Annual Assessment amount due by the Due Date.

C. Notice to Unit Owner(s).

(1) All documents, correspondence and notices relating to Assessments and related matters shall be mailed to the Unit Owner at the address that appears on the books and records of the Association. A roster of the current name and address of each member shall be kept by the Association.

(2) Alternate address. If the Unit Owner no longer resides at the property address and would like all documents, correspondence and notices relating to Assessments to be mailed to an alternate address, such request shall be made in writing to the management agent of the Association or the Board of Directors at least thirty (30)

days prior to the desired change of mailing. The Unit Owner shall bear the cost of re-printing coupon booklets to reflect the change to an alternate mailing address, if any.

(3) If the Unit Owner provides no forwarding or alternate address, the Association presumes and will continue to send all documents, correspondence and notices concerning Assessments and related materials to the Unit Owner's property address. The Association assumes no responsibility for locating a Unit Owner's alternative address.

D. Capitalized Terms.

Certain capitalized terms used herein, unless otherwise defined herein, shall have the meanings specified for such terms in the Declaration and Bylaws.

E. Conflict.

In the event that any provision of this policy shall be inconsistent with the Association's Declaration or Bylaws, then the provisions stated in the Declaration, then the Bylaws shall prevail.

F. Effective Date.

This resolution shall be effective May 1 2012, and shall apply to collection of Assessments due on or after such date.

This resolution was adopted this, the 24 day of April, 2012, in compliance with Section 11-111 of the Maryland Condominium Act.

Witness: GA Washington
, President

Attest: RB Barracoba
, Secretary