

**THE FLINTS GROVE HOMEOWNERS ASSOCIATION, INC.
COLLECTION POLICY AND PROCEDURE**

WHEREAS, Article V, Section 3 (b) of the Bylaws of the Flints Grove Homeowners Association, Inc. (hereinafter referred to as the "Association") provides that the Board of Directors may provide for the establishment, collection, use and expenditure of assessments and carrying charges from the members and for the assessments, the filing and enforcement of liens; and

WHEREAS, Article V, Section 1 and Article VI, Section 1 of the Declaration of the Flints Grove Homeowners Association, Inc., obligates each lot owner to pay the Annual Maintenance Assessments and Annual Supplementary Townhouse Assessments as estimated by the Board of Directors; and

WHEREAS, Article VII, Section 1 of the Declaration of the Flints Grove Homeowners Association, Inc., provides that assessments not paid when due are subject to a penalty or "late charge" as the Board may fix; and

WHEREAS, Article VII, Section 1 of the Declaration of the Flints Grove Homeowners Association, Inc., provides that any assessment levied which is not paid within ten (10) days after it is due, may upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland; and

WHEREAS, Article VII, Section 1 of the Declaration of the Flints Grove Homeowners Association, Inc., provides that costs and reasonable attorney fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment levied which is not paid within ten (10) days after it is due; and

WHEREAS, Article VII, Section 1 of the Declaration of the Flints Grove Homeowners Association, Inc., provides that the Association may bring an action at law against the member personally obligated to pay or foreclose on the lien against the lot or lots then belonging to said member in the manner provided for the foreclosure of mortgages in the State of Maryland; and

WHEREAS, Article VII, Section 3 of the Declaration of the Flints Grove Homeowners Association, Inc., provides that upon default in the payment of any one or more monthly installments of any assessment, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full; and

WHEREAS, Article VIII, Section 11 of the Declaration of the Flints Grove Homeowners Association, Inc., authorizes the Board of Directors to adopt rules and regulations governing the use of the common area and community facilities and promulgated among the membership in writing; and

WHEREAS, Article VIII, Section 12 of the Declaration of the Flints Grove Homeowners Association, Inc., obligates each lot owner to pay any Assessment for the removal, abatement or

termination of any violation or attempted violation of any of the covenants or restrictions contained in the Declaration of the Association; and

WHEREAS, the Board of Directors desires to establish the means and methods of collecting assessments from the Owners;

NOW THEREFORE BE IT RESOLVED THAT it is the intention of the Board of Directors of the Flints Grove Homeowners Association, Inc. to rescind any and all previously adopted collection policies and to establish a formal policy and procedure for the collection of homeowner assessments as follows:

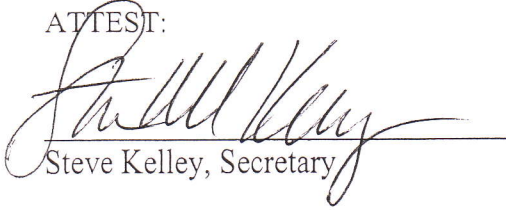
- I. The assessment due to the Association is the personal obligation of the owner of each lot and shall be an annual assessment which is due on the first (1st) day of January each year.
- II. Any assessment installment, or any portion thereof, not received by the Association on or before the thirtieth (30th) day of the month in which it is due shall be deemed late and the Association shall impose a late-payment fee of Fifteen Dollars (\$15.00) or 10% of the late assessment installment whichever is greater.
- III. The Association, or its designated agent, shall send notice of late payment to a delinquent owner on or after the thirtieth (30th) day after the assessment is due. The late notice shall be sent to the owner at the address reflected on the Association's records and shall notify the owner that a late charge has been applied to the account. This notice will include the amount of the delinquent payment, the late charge and collection costs.
- IV. In the event an owner fails to bring the account current within sixty (60) days of the date due, the Association or its designated agent shall refer the account to the Association's legal counsel to pursue legal action. The Association's legal counsel shall serve a notice of intent to create a lien on each owner of record at the address reflected on the Association's records by certified mail return receipt, personal service or by posting such notice on the property (in accordance with the provisions of the Maryland Contract Lien Act as may be amended from time to time.) The notice shall state the Association's intent to file a lien against the owner's property and accelerate the balance of the assessment if the delinquent amount is not remitted within the time allotted. The notice may also provide that the Association may pursue other legal action, including but not limited to the initiation of a personal suit against the owner for the accelerated assessments, late fees, collection costs, interest and attorney's fees. The owner shall be responsible for all collection costs and attorneys' fees incurred, regardless of whether legal action is taken.
- V. If the owner fails to remit full payment of the outstanding amounts due, as reflected in the notice of intent to create a lien, upon the expiration of thirty (30) days after service of such notice, a statement of lien shall be recorded against the owner's property for the amount of the unpaid accelerated assessment, together with late fees,

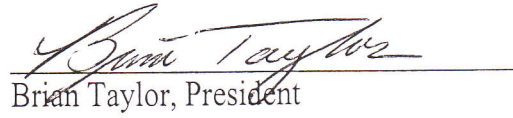
interest, attorney's fees, collection costs and any and all unpaid charges or fines as may be authorized by the Association's governing documents and duly adopted rules and regulations.

- VI. The Board of Directors may direct the Association's legal counsel to take legal action to file a personal suit against the owner to collect the unpaid assessments, late fees, interest, unpaid charges, fines, attorney's fees of not less than twenty percent (20%) of the sum claimed, and collection costs.
- VII. The Board of Directors may direct the Association's legal counsel to determine the feasibility of a foreclosure sale of any liens for unpaid assessments after a Statement of Lien has been recorded in the Montgomery County Land Records.
- VIII. A delinquent owner shall be liable for the payment of all collection costs, including legal and administrative expenses resulting from the owner's failure to pay assessments when due.
- IX. All payments shall be applied to the oldest owed amounts assessed to an Owner's account according to the following order of priority:
 - 1. Attorneys' fees and collection costs;
 - 2. Interest;
 - 3. Fines and unpaid charges;
 - 4. Special Assessments;
 - 5. Late Fees;
 - 6. Assessments.
- X. Nonreceipt of an invoice or notice shall in no way relieve an Owner of the obligation to remit the payment of any outstanding amounts due to the Association.
- XI. In the event an Owner remits a payment which is not honored by his or her bank for any reason, the Owner may be assessed a collection cost of up to \$40.00. In addition, the Association, or its designated agent, may require such Owner to remit subsequent payments in the form of a certified check or money order.
- XII. All Owners remain subject to the governing documents of the Flints Grove Homeowners Association, Inc.
- XIII. This policy can be waived or modified at the sole discretion of the Board of Directors in an effort to best protect the Association's interests depending upon the facts and circumstances of each matter.
- XIV. This policy may, from time to time, be amended, repealed or superseded pursuant to applicable laws.
- XV. This Resolution shall be effective on May 1, 2009 and shall apply to collection of assessments due on or after such date.

Adopted, by the Board of Directors this 20th day of APRIL, 2009.

ATTEST:


Steve Kelley, Secretary


Brian Taylor, President