

COLLECTION PROCEDURES OUTLINE By
Niles, Barton & Wilmer, LLP
Legal Representation of
ELLICOTT MILLS HOMEOWNERS ASSOCIATION, INC.

- 1) The Board of Directors of Ellicott Mills HOA (board) will prepare a collection letter to be sent to all owners who are thirty (30) days delinquent in payment of assessments, requesting immediate payment, and advising the owner that unless payment is received within thirty (30) days, the matter will be turned over to this firm.
- 2) If the owner does not pay as requested, the Board will contact this firm and begin the collection process. At that time the owner will automatically be responsible for costs of collection, a \$150.00 collection fee and any attorneys' fees subsequently incurred.
- 3) We will send an initial letter demanding payment. This letter will comply with Fair Debt Collection Practices Act and give the delinquent owner thirty (30) days to dispute the debt before further action is taken to collect the debt.
- 4) If we collect by Lien Enforcement:
 - a) If the account remains delinquent, we will send, by certified mail, return receipt requested, a Notice of Intention to Create Lien. The letter will demand payment, within fifteen (15) days, of all past-due assessments, interest, late fees, costs and a collection fee of \$150.00. The letter will also advise the owner that, if the firm is required to handle the account after the letter is sent, then the owner will be responsible for attorneys' fees for the time expended by the firm. In the event the amount claimed is not paid within fifteen (15) days, the owner may also be responsible for payment of the title search fee of at least \$80.00, if one is ordered.
 - b) The Notice of Intention to Create Lien advises the owner of the intent to record a lien against the property, and of his or her legal right to contest the amount claimed in a show cause complaint filed in the Circuit Court of Baltimore County (the "Circuit Court"). If the delinquent owner fails to accept the initial Notice letter sent by certified mail, the firm will cause the Notice to be:
 - i) mailed to the delinquent owner's last known address; and
 - ii) posted, in a conspicuous manner, on the delinquent owner's property by a process server, in the presence of a competent witness.
 - c) The Notice of Intention to Create Lien also will advise the delinquent owner that he or she has thirty (30) days from the date of service of the Notice to file a complaint in the Circuit Court 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 Association Lien will be sent to the Board at the expiration of the thirty (30) day period for execution. Notice of intention to foreclose will also be sent to the holders of all mortgages upon the property. The Statement of Association Lien will claim all assessments, late fees and other charges permitted by law, together with reasonable attorneys' fees.
 - d) If the owner files a complaint in the Circuit Court to determine whether probable cause exists for the establishment of a lien, we will advise the Board of the filing. We will advise the Board of any hearing date established by the Circuit Court, and take any and all legal action necessary to establish the lien, including filing any required affidavits, answers to motions and the like. If a court hearing is required, a representative of the Board will be requested to testify on behalf of the Association as to the legitimacy of all amounts claimed in the Notice of Intention to Create Lien. The attorney will request the Circuit Court to assess all expenses against the owner for all attorneys' fees and costs incurred in establishing the lien.
 - e) If the Circuit Court determines that probable cause exists for the establishment of the lien, we will prepare the lien in accordance with Paragraph 4(c) above. If the Circuit Court determines that probable

cause does not exist for the establishment of the lien, we will advise the Board of the Court's decision and recommend what further action, if any, should be taken against the owner.

- f) If no payment is received from the owner within thirty (30) days after the date of establishment of the lien, we may prepare a Notice of Intention to Foreclose on the lien.
- 5) If we collect by obtaining a District Court Judgment:
 - a) We will prepare a Complaint in the District Court of Maryland and transmit it to the Board for execution and, once executed, we will file it in the District Court. If a merit trial in District Court is required by the court or if the delinquent files a Notice of intention to Defend, a representative of the Board will be requested to testify on behalf of the Association as to the legitimacy of all amounts claimed.
 - 6) Full payment will be accepted from the delinquent owner at any time until, if applicable, the auction for the property under foreclosure, and such payment shall include all assessments, accrued interest, late fees, attorneys' fees, costs of collection, and costs incurred.
 - 7) Payment tendered to the firm or the Association will not be accepted, subject to our discretion, unless it is by certified check, cashier's check, or money order, payable to Niles, Barton & Wilmer, LLP or through the firm's on-line payment option and constitutes payment in full of all amounts due. The Board will forward all payments it receives to the firm. At our discretion, personal checks tendered to the firm may not be accepted and may be returned to the owner. Any payments tendered to the Board after the delinquent owner's account has been referred to our firm, which do not constitute payment in full, including collection/attorneys' fees and costs, will, at our discretion:
 - a) Be returned to the delinquent owner; or
 - b) Be credited to the total outstanding balance due in the following manner: first to the attorneys' fees and costs of collection, interest, late fees, and then to the oldest delinquent assessments, and accelerated assessments, if applicable. Any such acceptance shall not be considered a waiver of all other amounts due, and shall not be construed as a payment or satisfaction of delinquent assessments, late fees, interest, costs of collection, and attorneys' fees due, and such assessments, interest, costs, and fees shall continue to accrue, until paid in full. Attorneys' fees and costs will be deducted first from any partial payment received
 - 8) We will keep a full accounting of all fees and expenses advanced, and will request the same of the Board.
 - 9) It is the intention of the firm 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 Board will advise the firm of any and all information pertaining to the owner, which the Board has knowledge of, including place of employment and bank account information. This information is requested in order to provide us with the alternative of filing suit in the District Court of Maryland to obtain judgment as opposed to instituting foreclosure.
 - 11) If the Board agrees to any payment arrangement with the owner, it will be reduced to writing and signed by the delinquent owner. We will cease collection attempts on the matter in either the court proceeding or lien foreclosure at the time the payment agreement is accepted by the owner and a copy of the signed plan is received by the firm. The matter will not be closed until the payment arrangement is completed. If we administer the payments under a payment agreement, the owner will be responsible for an attorneys' fee (monitoring fee) of \$25.00 per installment. No one may enter into a payment agreement unless the Board provides authority to do so.
 - 12) This procedure will be reviewed at least annually by the Board in consultation with the firm, to assure that the procedure is effective.