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October 21, 2011

Unit Owner  
**Habitat I, Section A, A Maryland Horizontal Property Regime**  
Crofton, Maryland 21114

Re: Obligation to pay monthly assessment installments

Dear Condominium Unit Owner:

This law firm represents Habitat I, Section A, A Maryland Horizontal Property Regime ("the Condominium"). The Condominium governed by a Board of Directors elected by you to administer the affairs of community and to maintain the Condominium and its facilities for your benefit. It is important that these community areas and facilities are maintained properly and that the business affairs of the Condominium are prudently conducted. This does not come without cost. The annual assessment that you pay in monthly installments to the Condominium through its managing agent, Brodie Management, 134 Holiday Court, Ste 308, Annapolis, Maryland 21401, is used to maintain the community property and to conduct the Condominium's business. A budget is prepared and adopted annually to cover these expenses. The Condominium is a **non-profit Condominium Association and every penny budgeted is needed to maintain the community property and conduct the Condominium's business**, including among other things, paying for maintenance of the infrastructure of the property and administrative necessities, such as insurance, management and taxes.

Your Board of Directors is made up of Unit Owners just like you. These individuals are not paid and have volunteered their time to assist the community as a whole. They put in countless volunteer hours for the betterment of the community to assure that it is a safe and pleasant place in which to live; and to protect, maintain and enhance the property values. A well maintained community should result in an increase in the property values, eventually putting money in your pockets. Unfortunately, all owners do not pay assessments as they become due. This causes hardship to the Condominium and creates an inability to fulfill the needs of the community. As such, the Board is faced with the unpleasant but necessary task of initiating legal action against some owners to assure that the assessment installments (the life blood of the community) are paid in a timely manner. When this type of action becomes necessary, the recorded covenants for the community provide that **all assessment installments for the entire balance of the year can be accelerated and become due and payable at once**. The covenants further provide that the delinquent owner is responsible for the costs of collection and attorney fees. **This letter is written to advise you that any accounts not paid within 30 days of becoming due are subject to being forwarded to the Condominium's attorneys for collection. The delinquent owner will be responsible for all assessment amounts due through the entire year, plus interest, late fees, costs of collection and attorneys' fees. These additional costs and fees may be in excess of \$500.**

We trust that you will make every effort to pay your Condominium the amounts due to it in a timely manner so that it can use these funds to timely pay the Condominium's bills and enhance the community for everyone. Your cooperation will be appreciated.

Yours truly,  
Kathleen M. Elmore, Esquire

# Habitat I, Section A, A Maryland Horizontal Property Regime

## ADMINISTRATIVE RESOLUTION POLICIES AND PROCEDURES FOR COLLECTION OF ASSESSMENTS

WHEREAS, Article VI, Section 1, of the Habitat I, Section A, A Maryland Horizontal Property Regime ("the Condominium") By-Laws creates an obligation for Unit Owners to pay to the Council of Unit Owners, in advance, a monthly sum equal to one-twelfth of the unit owner's proportionate share of the Council's annual expenses; and

WHEREAS, those Bylaws set forth certain remedies and options relative to non-payment of assessments; and

WHEREAS, those Bylaws provide that the Board of Directors has all of the powers and duties necessary for the administration of the affairs of the Council of Unit Owners, including the collection of assessments; and

WHEREAS, the Board of Directors recognizes that there is a need to establish orderly policies and procedures for the collection of said assessments;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Habitat I, Section A, A Maryland Horizontal Property Regime hereby adopts the following assessment collection policy and procedure:

### I. COLLECTIONS

1. Common expense assessments shall be payable in equal monthly installments, except as provided otherwise in this policy, by statute, or the Condominium's recorded covenants.

2. All monthly installments of common expense assessments shall be due and payable in advance on the first day of the applicable month without demand.

3. All documents, correspondence, and notices relating to the charges shall be mailed to the address of the owner of the assessed unit as such address appears on the books and records of the Condominium as maintained by the Managing Agent from time to time. If the unit owner has not designated in writing, a different address to be listed on the books and records, all such documents, correspondence and notices shall be sent to the unit owner at the unit address.

4. If payment of any assessment is not received in the office of the Condominium or its Managing Agent or attorney by the sixteenth day of the month when due, a late fee of Fifteen Dollars (\$15.00) or 10% of the delinquent installment, whichever is greater, will be automatically added to the account to become part of the continuing lien for assessments until all sums due, including such late charges, have been paid in full.

5. If the Condominium receives from any unit owner, in any accounting year, two or more checks tendered for payment of assessment installments, which are returned as unpaid by the unit owner's bank, the Managing Agent or the Condominium attorney may require that unit owner to make payments for the remainder of the fiscal year by cash, certified check, cashier's check or money order. A handling fee of not more than thirty-five dollars (\$35.00) will be assessed for any personal check returned unpaid by the bank.

6. Partial payments tendered either to the Condominium's Managing Agent or its attorney may be accepted as may be required by law, but only payment in full will stop collection

proceedings, unless the Board of Directors, its agents or attorneys, expressly agree in writing otherwise. Unless otherwise specifically agreed in writing by the Board of Directors, its agents or attorneys, unrestricted payments will be applied in the order first to last as follows: 1) attorneys' fees, 2) collection costs, 3) interest charges, 4) late fees, 5) other properly assessed fees and charges, 6) principal arrearage, and 7) current principal due (including accelerated principal due if any).

## II. PROCEDURE FOR NON-PAYMENT OF ASSESSMENT

1. If payment of a monthly installment is not received in the office of the Condominium or its Managing Agent by the fifteenth (15th) day of the month when due, the Managing Agent may send to the unit owner of record, a notice of the unit owner's delinquency as provided in this paragraph. The notice may provide the following:

a. A request for immediate payment and notice of late charge if payment in full is not received by the sixteenth day of that month;

b. Notice that unless payment is received within fifteen (15) days from the date of the notice, the account will immediately be accelerated through the fiscal year and will be forwarded to the Condominium's attorney for collection. The unit owner will be responsible for all costs of collection, including attorneys fees;

2. The Managing Agent may forward to the attorney a list of all delinquencies for collection after the 30th day of delinquency. The list sent to the attorney shall reflect the current information contained in the Condominium's official books and records and shall include for each delinquent unit owner the unit owner's name, mailing address, address of unit owned, and a statement of account reflecting the total fees due. A copy of the notice mailed to the unit owner as required above should also be sent to the attorney. Once a delinquent account has been referred to an attorney for collection, no further billing statements, or other correspondence relating to the delinquency, is to be sent directly to the unit owner by the Managing Agent without first notifying the attorney of its nature and content, or without a statement of explanation to the unit owner that the account is with the attorney.

3. Promptly upon receipt of the list of delinquencies from the Managing Agent, the attorney may cause a title search to be conducted and shall mail a demand letter and if not paid as demanded, proceed with a lawsuit against the owner, and/or the attorney may at the attorneys' option mail by certified- return receipt requested - restricted delivery, to each delinquent unit owner a Notice of Intent to Create a Condominium Lien pursuant to Maryland law. Any such letter will demand payment within fifteen (15) days of all assessments due, any accrued interest at 18% per annum, any applicable late charges, the actual costs of collection, and reasonable attorneys' fees for services rendered by the attorney to process and collect the delinquent account, and any other properly assessed amount due from whatever source. If the account is not already accelerated, the letter may also advise the unit owner that, in the event the amount claimed is not paid within fifteen (15) days from the date of the letter, the unit owner also will be responsible for payment of accelerated assessments through the remainder of the fiscal year. Finally, the letter shall contain any other information required by law. Notice of delinquency may also be sent by the attorney to the mortgagee (the bank or lending institution) of the unit.

4. The attorney will promptly advise the Managing Agent if the unit owner files a

Complaint in the Circuit Court to determine whether probable cause exists for the establishment of a lien pursuant to the Maryland Contract Lien Act. The attorney will take any and all reasonable legal action necessary to establish the lien and will promptly advise the Managing Agent of hearing dates and other pertinent events. If a Court hearing is required, representatives of the Managing Agent and the Board of Directors shall be made available upon request by the attorney to testify on behalf of the Condominium concerning the legitimacy of all amounts claimed in the Notice of Intent to Create a Condominium Lien and concerning all other matters as deemed appropriate by the attorney. In such proceeding, the attorney shall request the Court to assess all legal expenses against the unit owner for costs incurred in establishing the lien.

5. If the Circuit Court determines that probable cause exists for the establishment of the lien, the attorney will undertake to establish the lien as provided 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 Directors of the decision and recommend what further action, if any, should be taken to collect the amounts due.

### III. REMEDIES FOR NON-PAYMENT OF ASSESSMENT

1. If, within thirty days from the date any Notice of Intent to Create a Condominium Lien, specified above, is served, the delinquent unit owner fails to remit the total amount due as claimed and does not exercise the rights as stated in the information mailed by the attorney, a Statement of Condominium Lien, previously prepared by the attorney and executed by the Managing Agent, will be filed by the attorney among the Land Records of the County. The Statement of Condominium Lien shall claim all assessments, late charges, collection costs, and other charges permitted by law, together with attorney's fees.

2. If no payment is received from the unit owner after the date the lien is recorded, the attorney will evaluate the various collection alternatives and will proceed with appropriate further action, if any, to collect the amounts due.

3. If an action is filed by the Condominium to foreclose on a recorded Statement of Condominium Lien, payment on the delinquent account will be accepted and applied in accordance with the provisions of this resolution at any time until completion of the auction of the property under foreclosure. However, only full payment of all obligations of the unit owner then owing to the Condominium, including costs and expenses of the foreclosure sale and all accrued attorney fees, will stop the foreclosure proceedings.

**4. If a judgment for delinquent Condominium assessments is obtained on behalf of the Condominium, the attorney will proceed with post judgment collection efforts as may be appropriate., including garnishment of wages, bank accounts and levy upon personal property of the judgment debtor(s).**

5. The Board of Directors, its attorneys and agents may take any other lawful action deemed necessary or advisable to collect any delinquent assessments.

### IV. GENERAL COLLECTION PROCEDURE POLICIES

1. The Managing Agent is to provide the attorney with a statement of collection costs

incurred by it prior to referral, if any there be, and all collection costs incidentally incurred by it thereafter. In order to facilitate any collection procedure employed, the Managing Agent will advise the attorney of any and all information available to it that pertains to the delinquent unit owner, including place of employment, and bank account information.

2. The Managing Agent shall promptly notify the attorney of any payments or other correspondence it receives on behalf of the delinquent unit owner while the attorney is actively involved in the collection.

3. The attorney will keep a full accounting of all legal fees and expenses paid by the law firm on the Condominium's behalf. Monies received in payment of the delinquent account will be transmitted to the Managing Agent.

4. It is the intention of the Board of Directors that the least cumbersome, most effective method of collection be used at all times. In this regard, those employing this collection procedure are authorized to deviate from it when special circumstances indicate that such deviation is in the best interests of the Condominium. As such, the Board of Directors is empowered to grant a waiver of any provision herein upon a written request from a unit owner alleging a compelling personal hardship. Such relief, if granted, shall be appropriately documented in the records of the Condominium.

5. This procedure shall serve only as a guideline and to manifest the Board of Director's intention and resolve to charge interest, late fees and to accelerate a delinquent owners account if not paid after notice. Non-compliance with any of these procedures by the Condominium, its Board of Directors, Managing Agent or its attorneys, shall not excuse payment of assessments when due.

6. This procedure will be reviewed periodically by the Board of Directors of the Condominium in consultation with the attorney and the Managing Agent to ensure that the procedure is effective and in compliance with current law.

APPROVED BY THE BOARD OF DIRECTORS:

9-14-11  
Date

Larry J. Korman  
President

ATTEST:

[Signature]  
Secretary

Published to Unit Owners: \_\_\_\_\_

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