

AVENEL COMMUNITY ASSOCIATION
Procedure for Collection of Assessments

WHEREAS, the Board of Directors of the Avenel Community (“Association”) is empowered by of the Declaration of Covenants, Conditions, Easements and Restrictions (“Declaration”) for the Avenel Community Association (“Association”) with the authority to levy and collect assessments against each Residential Unit within the Association, which may include both annual and special assessments as authorized by the Declaration and Bylaws of the Association (collectively “Assessments”).

WHEREAS, Article VIII of the Bylaws obligates each owner of a Residential Unit (i.e. “Member” or “Vacant Lot Owner” as applicable, and collectively referred to herein as “Member”) to pay such Assessments imposed by the Association’s Board of Directors.

WHEREAS, the Board of Directors is further empowered by Article VII, Section 1(a) of the Bylaws with the authority to impose and collect fines and other costs in the same manner as Assessments and in accordance with Operating Procedures relating to the waiving of fines incurred resulting from Covenant Violation(s) as adopted by the Board of Directors as of July 15, 2013 (“Fine Procedures”), as such Fine Procedures may be further amended.

WHEREAS, Article VII, Section 2(c) of the Association’s Bylaws establishes certain remedies for the non-payment of Assessments, including, but not limited to, the imposition of late charges, interest, costs of collection, and reasonable attorneys’ fees, the filing of a lien and the foreclosure of the lien against the Residential Unit for which Assessments are unpaid, in accordance with the Maryland Contract Lien Act, the filing of legal action in court, and any other remedies available under the law.

WHEREAS, each Assessment, together with interest, costs, and reasonable attorney fees shall also be the personal obligation of the person who was the Owner at the time the assessment arose.

WHEREAS, Article II, Section 1 (b) and (c) of the Declaration and Article VII, Section 11 1(b) of the Bylaws, provides the Association the right to suspend the voting rights and use of the Common Area by a Member (which term shall include a Vacant Lot Owner) for any period during which an Assessment against their Residential Unit remains unpaid and, for a period not to exceed thirty (30 days), for each and any infraction of the Declaration, Bylaws and duly adopted rules and regulations of the Association (collectively herein “Governing Documents”).

WHEREAS, the Board of Directors desires to implement a standard procedure for the collection of Assessments and other allowable charges in accordance with the Governing Documents, as the same have been interpreted from time to time.

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 (“Collection Policy”) in accordance with the Association’s Governing Documents:

I. DUE DATE/INSTALLMENTS

All regular Assessments levied by the Board of Directors shall be payable in twelve (12) monthly installments, which are due, in advance, on the first (1st) day of each month. Special Assessments shall be due and payable as determined by the Board of Directors. The date such Assessments are due and payable is hereby referred to as the “Due Date.”

II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

A. Late Charge and Interest.

Any Assessment or installment thereof due from the Member that is not received by the Association within fifteen (15) days of the Due Date shall be assessed a late charge of fifteen dollars (\$15.00) or one-tenth (1/10) of any delinquent installment or Assessment, whichever is greater, and interest at the maximum rate as permitted by law, which is currently set at eighteen percent (18%), accruing from the Due Date, will be imposed and shall be added to the Member’s account, and shall be the obligation of the Member until all sums due shall have been paid in full.

B. Delinquency Notification.

Any time 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 and/or by e-mail (if the Member has opted to receive e-mail notices) to the Member whose account is delinquent. The costs of the Late Notice, and any subsequent Late Notices, are deemed reasonable costs of collection. If the Member(s) fails to pay the outstanding balance due on his/her account before the expiration of thirty (30) days from the Due Date, the Association shall send the Member(s) a written notice which informs the Member of the Board of Directors’ intent to refer the Member’s delinquent account to legal counsel for collection action. The notice shall provide that such action will be taken if the Member fails to make the requisite payment before the expiration of thirty (30) days from such notice.

C. Referral to Attorney for Further Collection.

If a Member’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 Residential Unit and/or the filing of a civil suit against the Member.

D. Notice of Acceleration.

Once the account is turned over to the Association's attorney, the Association's attorney may notify the Member that if their account balance is not paid before the expiration of thirty (30) days from such notice, the remaining installments of the annual assessment for the current fiscal year may be accelerated and come due and payable, and the Member may be required to remit the remaining accelerated installments due through the end of the Association's fiscal year ("Notice of Acceleration"). The Notice of Acceleration shall also inform the Member of the outstanding amount owed and the possible consequences of continued non-payment of Assessments, including acceleration. The Association's attorney and/or the Board of Directors, as either determines appropriate, may forego sending the Notice of Acceleration and proceed directly with the preparation of a Notice of Intention to Create a Lien and/or the filing of a civil suit. The costs incurred in the preparation and mailing of such Notices are deemed reasonable for collection.

E. Notice of Intention to Create a Lien.

The Association's attorney may forward a Notice of Intention to Create a Lien ("NOI") to the delinquent Member, 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 Member as reasonable costs of collection.

F. Filing of Lien.

(1) Timing. If payment in full, as stated in the NOI, including late charges, interest, costs of collection and other allowable charges incurred, is not received by the Association or the Association's attorney before the expiration of thirty (30) days after the NOI is served upon the delinquent Member, the Association's attorney may file a Statement of Lien ("Lien") in the Land Records of Montgomery County, Maryland, against the Property, in accordance with the Maryland Contract Lien Act.

(2) Fees. The Lien shall be filed for and include the amount of unpaid accelerated Assessments, (if applicable) together with interest at the maximum rate permitted by law when the installment came due, which is currently eighteen percent (18%) per annum, late charges, actual costs of collection, including the costs of preparing the Notices provided herein, the costs of preparing and serving the NOI, the preparation of the Lien, reasonable attorneys' fees and any other charges and/or fines properly assessed against the Member. The Member 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 costs of collection, reasonable attorneys' fees, late charges, interest and other charges.

G. Collection Suit.

(1) Filing of Civil Suit. Legal counsel for the Association may file a civil suit in the appropriate Montgomery County court against the delinquent Member based on the Member's personal contractual obligation to pay Assessments, late charges, interest, costs of collection and reasonable attorneys' fees. The civil suit will seek a judgment for all charges and fees included in the Lien, plus additional charges that may become due after the filing of the Lien.

(2) Member Responsibility for all Costs of Collections. All expenses of collections, including, but not limited to, the costs for 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 Member's account and are the personal obligation of the Member.

(3) Execution Upon Judgment. Upon entry of judgment against the Member, the Association may commence execution upon the judgment, including, but not limited to, garnishing wages, garnishing non-wage assets, attaching the Member's real and personal property, filing a judgment lien, instituting a sheriff's sale foreclosing on the judgment lien, and recording the judgment in another state. If the Unit is a rental property, the Association may garnish the rents from the tenant(s) to pay and satisfy the judgment owed to the Association.

H. Foreclosure.

(1) The Association may authorize its attorney to commence proceedings to enforce and foreclose a Lien placed against a Unit owned by the delinquent Member, in accordance with the provisions of the Maryland Contract Lien Act and Article VII, Section 3 of the Bylaws.

(2) The Member shall be responsible for all costs and fees incurred in the foreclosure proceeding.

(3) Under the authority provided by the Maryland Contract Lien Act, a Member's Unit may be sold at foreclosure and the Member evicted from the Unit.

I. Returned Checks.

(1) If the Association receives from any Member in any fiscal year two (2) or more returned checks for the 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 Member shall be levied and obligated for a fifty dollar (\$50.00) charge, or the maximum permitted by law, if greater, for any check or any payment from any payment method authorized by the Board of Directors that is returned by the drawee for "insufficient funds," which fee shall be posted to the Member's account.

(3) Criminal Prosecution. The Association reserves the right to criminally prosecute any Member for the passing of “bad checks” under the Maryland Bad Check Statute.

J. Financial Hardship/Board of Directors Discretion.

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

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

(3) The Board of Directors’ discretion as relates to the imposition of fines is separately addressed in its Operating Procedures, adopted on September 18th, 2007, and modified on July 15th, 2013.

K. Communications.

Once the delinquent account is turned over to the Association’s attorney for collection, all communication from the delinquent Member regarding his or her account shall be directed to the Association’s attorney.

III. REVOCATION OF RIGHTS

A. Suspension of Voting Rights. In accordance with Article II, Section 11 of the Bylaws, no Member shall be entitled to vote at a meeting of the Council of Members if the Member is delinquent in the payment of any monthly installment of their assessments.

IV. PRIORITY OF PAYMENTS

Payment received from delinquent Members shall be applied to the oldest outstanding balances. These balances shall include but are not limited to: (a) attorney’s fees, (b) costs, (c) late fees, (d) accrued interest, and (e) unpaid assessments. The application of payments to unpaid fines is addressed in the Fine Procedures related to the waiving of fines, as adopted by the Board of Directors on September 18th, 2007 and modified on July 15th, 2013.

The Board of Directors reserves the authority to waive late charges and interest which have accrued against a member’s account. Under no circumstances shall the Association waive legal fees that have been incurred in an effort to collect any fees rightfully due the Association. All requests for waivers or reductions must be submitted in writing to the Board of Directors.

V. MISCELLANEOUS

A. Payments.

The Board of Directors may authorize payment of Assessments through various payment methods approved by the Board of Directors and offered by its Management Agent. Acceptance of partial payment does not waive the Association's right to continue collection action on the remaining amounts owed.

B. Coupon Book.

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

C. No Exemption for Waiver of Use of the Common Areas or Residential Unit Abandonment.

No Member may be exempted from liability for Assessments by waiver of the use or enjoyment of any of the Common Areas or by abandonment of his or her Residential Unit.

D. Notice to Member(s).

(1) All documents, correspondence, and notices relating to Assessments and related matters shall be mailed to the Member's address that appears on the books and records of the Association or electronically to the extent authorized by applicable law. A roster of the current name and address of each Member shall be kept by the Association.

(2) Alternate Address. If the Member 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 and the Board of Directors, at least thirty (30) days prior to the desired change of mailing. The Member shall bear the cost of re-printing coupon booklets to reflect the change to an alternate mailing address, if any.

(3) If the Member 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 Member's property address. The Association assumes no responsibility for locating a Member's alternative address.

(4) Consistent with Article II, Section 1 (b) and (c) of the Declaration and Article VII, Section 1(b) of the Bylaws, no Member is entitled to vote at a meeting of the Association unless and until the Owner has provided the Association with a current mailing address and a copy of any lease agreement entered into with respect to their Residential Unit, if applicable.

E. Management Agent.

The Board of Directors may delegate some or all of the actions outlined herein applicable to the Association or the Board of Directors to its designated management staff or to its management agent (collectively "Management Agent").

F. Capitalized Terms.

Except as otherwise provided herein, all defined terms shall have the meanings set forth in the Association's Governing Documents.

G. Conflict.

In the event that any provision of this Collection Policy shall be inconsistent with the Association's Declaration or Bylaws, the Declaration, then the Bylaws, shall prevail.

H. Effective Date.

This Collection Policy shall be effective upon adoption, shall apply to the collection of Assessments due on or after such date, and shall remain in effect until otherwise rescinded, modified or amended by the majority of the Board of Directors.

I. Severability.

The provisions of this Collection Policy are severable, so that if any provision, or provisions, hereof shall be held to be unreasonable, unlawful, or unenforceable, such holding shall not impair the remaining provisions. If any provision hereof is held to be too broad or unreasonable in duration, scope, or character of restriction to be enforced, such provision shall be modified to the extent necessary in order that any such provision, or portion thereof, shall be legally enforceable to the fullest extent permitted by law.

J. Superseding Effect. This policy shall supersede and replace all prior adopted resolutions for assessment collection procedures.

This Resolution was adopted this 23 day of September, 2025.

Witness: Janelle Wright
Janelle Wright, President

Attest: Paul Litvak
Paul Litvak, Secretary