

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PALISADES HOMEOWNERS ASSOCIATION, INC.

(Procedures Relative to Assessments, Collection of Routine
and Special Assessments as well as Delinquent Payments)

WHEREAS, Article IV, Section 1 of the Declaration creates an assessment obligation for the owners of Lots in The Palisades Homeowners Association, Inc. (hereinafter the "Association"), which is a continuing lien on the Lot and a personal obligation of the owner; and,

WHEREAS, Article IV, Section 11 of the Declaration grants the Board of Directors the authority to enforce payment of assessments by means of, inter alia, foreclosing the lien against any Lot for which assessments are not paid or bringing an action at law against the owner personally obligated to pay the same; and,

WHEREAS, there is a need to establish orderly procedures for the billing and collection of said assessments; and,

WHEREAS, the Board of Directors desires to establish these procedures in conformity with the Declaration, the By-Laws, the Maryland Homeowners Association Act, the Maryland Contract Lien Act, and as otherwise provided by law.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors, on behalf of The Palisades Homeowners Association, Inc., duly adopts the following assessment and collection procedures:

1. ASSESSMENTS: Each owner's annual assessment is due on the first day of January; however, for the convenience of owners, the annual assessment may be paid in equal monthly installments on the first day of each month, unless otherwise notified by the Board of Directors.

Notices, documents and all correspondence relating to assessments shall be mailed to the address which appears on the books of the Association. It is each owner's responsibility to inform the Association's managing agent, in writing, of any address change.

2. DELINQUENCY: An owner's account is delinquent if an assessment is not paid in full on the due date. If an owner chooses to pay the annual assessment by means of the monthly payment plan, an owner's account is delinquent if the monthly installment is not made on the first day of each month. Further, if payment in full is not received within fifteen (15) days after written notice of such default the owner will not be permitted to utilize the monthly payment plan for the remainder of the fiscal year and in that event the owner's entire annual assessment will become immediately due and payable.

3. INTEREST: A delinquent account shall bear interest on the unpaid balance from the due date, until paid, at the rate of six percent (6%) per annum. In addition, a \$25.00 returned check charge and any related bank charges will be assessed against the account of the Lot owner responsible for payment if the payment is returned.

4. LATE NOTICES: If full payment of an assessment is not received by the Association's managing agent within fifteen (15) days after the due date, the Association will send a delinquency notice to the owner by first class mail requesting immediate payment, advising the owner that interest has begun to accrue on the unpaid balance at the rate of six percent (6%) per annum. The late notice shall also inform the owner that if payment is not received within fifteen (15) days of the date of the letter, the account will be forwarded to the Association's attorney for collection.

5. NOTICE OF INTENT TO CREATE LIEN AND ATTORNEY'S FEES: If an account is forwarded to the Association's attorney for collection, a Notice of Intent to Create a Lien will be forwarded to the delinquent owner by means of restricted delivery certified mail, return receipt requested, and by first class mail to the owner's address on the Association's books.

The Notice of Intent to Create a Lien will inform the delinquent owner of the amount of the outstanding balance, including all past due assessments, interest, costs of collection and all attorney's fees actually incurred. The Notice of Intent to Create a Lien will conform with the requirements of the Maryland Contract Lien Act and all other applicable laws.

If the delinquent owner does not sign for the copy of the Notice of Intent to Create a Lien which was forwarded to the owner by means of certified mail, return receipt requested, and the notice is returned as refused or unclaimed, other arrangements will be made pursuant to Maryland law to serve the delinquent owner with the Notice of Intent to Create a Lien. The additional costs incurred by the Association to serve the delinquent owner with the Notice of Intent to Create a Lien will be assessed to the delinquent owner's account.

6. LEGAL ACTION: Once a delinquent owner has been served with the Notice of Intent to Create a Lien, the delinquent owner must, within 30 days of service of the lien warning letter, either forward payment in full or file a complaint in the Circuit Court for Prince George's County to determine whether probable cause exists for the Association to file a lien against the delinquent owner's property. If the delinquent owner does not forward full payment or file a complaint, the Association will file a lien against the delinquent owner's property after the 30 day period has expired.

Once a lien has been filed, the Association's attorney will proceed with further legal action, including but not limited to, foreclosing on the owner's property, or filing a lawsuit, or both, against the owner in order to collect the owner's past due assessments, interest, costs of collection and attorney's fees.

7. PAYMENTS CREDITED: Payments received from an owner will be credited to the outstanding balance in the following order:

- a. Court costs, attorney's fees and other costs of collection.
- b. Fines, late fees or accrued interest, as applicable.
- c. Special assessments.
- d. Annual assessments.

8. PARTIAL PAYMENTS: In the event an owner attempts to make a payment of less than all monies due and owing the Association after collection proceedings have commenced, the Association's attorney will send a letter by first class mail to the owner advising the owner that the payment was applied in accordance with Paragraph 7, hereof, and that his or her account remains delinquent as to all remaining monies owed to the Association. The Association's retention of the partial payment does not constitute a waiver of the Board's authority to foreclose on the owner's property or take action against the owner to collect the outstanding balance.

8 June 02
DATE

August Russell
PRESIDENT

I hereby certify this Policy Resolution was duly adopted by the Board of Directors on 8 June, 2002 and thereafter, that I caused this Resolution to be mailed, or hand delivered to the Lot owners in The Palisades Homeowners Association, Inc.

This policy resolution shall become effective on 1 AUGUST, 2002.

ATTEST:

8 June 02
DATE

CK Provia
SECRETARY