



Assessments Policy

HOMEOWNER ASSESSMENTS COLLECTION POLICY
ADOPTED BY RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DIAMOND FARM HOMES CORPORATION
AT THEIR MEETING ON 16 JUNE 2003

1. Homeowner assessments are due on the first day of each month and become delinquent if payment is not received on the date due. (CCR, Article V, Section 8)
2. If full payment of the delinquent amount is not received within thirty (30) days after the date that the assessment was originally due, then
 - (a) the assessment (or the unpaid portion thereof) shall bear interest from the date originally due at the rate of six (6) percent per annum (CCR, Article V, Section 8), and
 - (b) a first notice of delinquency shall be sent to the homeowner, stating the delinquent amount, including interest due.
3. If full payment of the delinquent amount is not received within sixty (60) days after the date that the assessment was originally due, then
 - (a) copies of the account records shall be provided to the DFHC Collections Agent,
 - (b) a second notice of delinquency shall be sent to the homeowner, stating the delinquent amount, including interest due and the cost of the second notice of delinquency, and
 - (c) the notice of delinquency shall also state that, if full payment of the delinquent amount is not received within ninety (90) days after the date that the assessment was originally due, then legal action will begin to create a lien on the property which will add significant additional cost to the homeowner's account.
4. If the full payment of the delinquent amount is not received within ninety (90) days after the date that the assessment was originally due, then the DFHC Collections Agent shall send the homeowner a "Notice of Intention to Create a Lien", in the manner proscribed by law, stating the delinquent amount, including interest due, the cost of the second notice of delinquency, and the cost of the Notice of Intention to Create a Lien.
5. If full payment of the delinquent amount is not received within thirty (30) days after the date of the Notice of Intention to Create a Lien, a lien shall be filed for the delinquent amount, including interest due, the cost of the second notice of delinquency, the cost of the Notice of Intention to Create a Lien, and the cost of filing the lien, plus any additional interest and collection costs.

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6. If, during this sequence, the homeowner pays less than the total delinquent amount, the partial payment is to be applied as follows:
 - (a) payment of the amount(s) due, including interest and collection charges, for the first month in which the homeowner was delinquent,
 - (b) payment of the amount(s) due, including interest and collection charges, for the second month in which the homeowner was delinquent,
 - (c) payment of the amount(s) due, including interest and collection charges, for the third month in which the homeowner was delinquent. This process is to continue for each month in which the homeowner is delinquent, until all of the payment has been applied.
 - (d) After all of the payment has been applied, the number of months that the homeowner is still delinquent shall determine the further action to be taken.
7. If requested in writing by the homeowner, the DFHC Board of Directors may approve, by resolution, a variance from the above sequence, except for the collection of interest. The collection of interest is required (CCR, Article V, Section 8). The approval of such a variance shall be based upon a reasonable assurance that the homeowner will be able to pay the entire amount due within a time period acceptable to the Board of Directors.
8. If a lien has been filed and no payment has been received within the next thirty (30) days after the lien was filed and no variance has been approved by the DFHC Board of Directors, then the DFHC Collections Agent shall
 - (a) advise the DFHC Board of Directors of the status of the account, and
 - (b) request that the DFHC Board of Directors, at their next regular meeting, approve a resolution to proceed with the foreclosure of the lien.
9. If the DFHC Board of Directors approves a resolution to proceed with the foreclosure of the lien, then copies of the relevant account records shall be provided to the DFHC Attorney. The DFHC Attorney shall initiate the legal action necessary to foreclose on the lien. (In Maryland, foreclosure proceedings may only be done by an attorney.)

Example of the approximate timings, approximate collection charges, and approximate total delinquent amounts for a homeowner who does not pay the monthly assessment for six months.

Days after the due date	Action to be taken	Delinquent amounts *			
		Assessments	Interest	Charges	Total
1	None	\$60.00	\$0.00	\$0.00	\$60.00
31	Interest from date due	\$60.00	\$0.30	\$0.00	\$60.30
31	First delinquent notice	\$60.00	\$0.30	\$0.00	\$60.30
61	Second delinquent notice	\$120.00	\$0.90	\$30.00	\$150.90
91	Intent to Create a Lien	\$180.00	\$1.80	\$109.00	\$290.80
121	Filing of the Lien	\$240.00	\$3.00	\$269.00	\$512.00
151	Request to Foreclose	\$300.00	\$4.50	\$269.00	\$573.50
181	Start Foreclosure	\$360.00	\$6.30	\$429.00+	\$795.30

* Charged to the delinquent homeowner's account. DFHC pays the legal fees and then is reimbursed when (if) the delinquent amount is collected from the homeowner.

+ Foreclosure costs are \$160.00/hour plus expenses. The charges at the end of foreclosure can easily be \$1000.00 or more.