

*COLLECTION*  
*PROCEDURE*

LAW OFFICES OF  
**MICHAEL H. MANNES, P. A.**

108 WATER STREET - SUITE 200  
BALTIMORE, MD 21202-1001

Voice 410-752-8090

Fax 410-752-8099

Michael H. Mannes  
Attorney at Law  
email: mmannes@mhmpalaw.com

Leslie Guarino  
Legal Assistant  
email: paralegal@mhmpalaw.com

April 1, 2004

80001.01

Board of Directors of Tuchahoe Farms  
Homeowners Association, Inc.  
c/o Melissa Coogle  
332 East Ponfield Road  
Forest Hill, Maryland 21050

RE: Collection Procedure for  
Tuchahoe Farms Homeowners Association, Inc.

Dear Ms. Coogle:

Enclosed are an original and two copies of the Collection Procedure that Michael H. Mannes, P.A. proposes to employ in its representation of Tuchahoe Farms Homeowners Association, Inc. for matters related to the collection of delinquent assessments. The following documents are included with this letter:

1. Collection Procedure Outline;
2. Sample Attorney Letter;
3. Sample Notice of Intention to Create Lien;
4. Sample Statement of Association Lien;

The Collection Procedure Outline provides a basic understanding of how the process will operate.

The goal of the Collection Procedure is to expedite the collection of delinquent assessments with little, if any, outlay of funds by the Association. Beginning with the referral of a collection matter to us, Michael H. Mannes, P.A. will advance costs on behalf of the Association for items such as filing fees and surcharges, recordation taxes, title and judgment reports, and mailing costs. We will, however, charge to and collect from the delinquent owner all such costs advanced. Upon collection from the delinquent owner of the full amount of the delinquency, we will remit to American Property Services, Inc. all delinquent assessments, late charges, accrued interest, if any, and costs



Board of Directors of  
Tuchahoe Farms  
April 1, 2004  
Page 2

**MICHAEL H. MANNES, P. A.**

advanced by the Association, if any. We will deduct from the amount collected, our fees and any costs we have incurred. Some costs may include a markup to cover the Firm's overhead.

Please note, however, that when an owner is foreclosed upon by the holder of a superior interest (such as the holder of a mortgage or deed of trust) or an owner seeks protection pursuant to bankruptcy or similar laws, the Association will be responsible only for costs incurred during the collection of the delinquency but will not be responsible for our fees as we believe that the delinquent owner should bear that burden. We will attempt to collect the fees and costs by filing the appropriate documents in the bankruptcy or foreclosure. While we can advance costs for our clients, under the Professional Code of Legal Ethics, we cannot fund the client's cost in a legal matter. We will, however, attempt to collect these costs in the foreclosure or bankruptcy matter, and if collected, will apply them to the costs incurred. If we cannot collect the monies owed, you will owe us only for costs advanced by us on your behalf. Our bills for costs advanced are due upon receipt.

For your information, the delinquent unit owners will be billed at our hourly rates. Our current hourly billing rates for collection matters are \$165.00 for lawyers and \$55.00 for legal assistants. The Firm periodically reviews and adjusts the hourly rates of its lawyers and legal assistants, and you can anticipate changes in hourly rates at least annually. Currently the annual review is on January 1st of each year.

Additionally, if the Association's Board of Directors enters into any agreement with the owner for less than full payment, the Association will be responsible immediately for all accrued attorneys' fees and costs and we will no longer be involved in the matter. No one will be authorized to accept less than full payment, unless otherwise directed by the Board of Directors. No one can compromise our attorneys fees or costs of collection. The Association will be responsible for attorneys' fees and costs: (i) when a collection matter is mistakenly referred to us; (ii) when partial funds are received from an owner after a matter is referred to us, but we are not advised that payment has been received; (iii) or when the collection matter is transferred to another attorney or firm and we have not received compensation for fees or costs from monies previously collected, if any. American Property Services, Inc., shall forward all payments received from an owner to us if the matter has been referred for collection. Also, we will



**MICHAEL H. MANNES, P. A.**

determine whether foreclosure or filing in the District Court of Maryland will result in the full collection of a delinquency, and we are herewith given the authority to use our discretion in determining how to proceed.

In the event that a District Court suit is necessary, we will continue to treat the matter as a contingency. However, we will take as our fee 1/3 of any monies collected under any payment or settlement agreement or as a result of any Judgment we may obtain, after deduction of costs (filing fees, certified mail, etc.). In any District Court suit we will attempt to obtain legal fees as part of the Judgment from the court. Note however that the District Court usually awards a maximum of 15% of the judgment amount as Attorneys Fees. If additional collection efforts are required after Judgment is obtained, such as Interrogatories in Aid of Execution, or any other Supplemental Proceeding in court, they would be billed at the rate of \$165.00 per hour plus costs (to be paid by you). Our legal fees will be payable only out of monies actually collected. We reserve the right to choose the method of collection (Lien or Suit, or both).

We reserve the right to discontinue representation if our bills to you for costs advanced are not paid timely. If we have entered our appearance on your behalf in a court or before an administrative agency, this will include our petitioning the court or agency to allow us to withdraw our appearance. If you terminate our services before we have completed all work assigned by you, you will owe us the legal fees and costs for any work in process. In the unlikely event that we are required to institute legal proceedings to collect our fees or disbursements, you agree that should we prevail we shall be entitled to recover the costs of collection -- including a reasonable fee of an attorney.

As far as we have been able to determine, there is no present or past representation which creates a conflict of interest preventing us from representing you. If a collection matter turned over to us by you involves a present client of the Firm, we will be unable to pursue such collection on your behalf. You will be free to seek other counsel for such purpose. If in the future we conclude that continuing to represent you would constitute a conflict of interest which cannot be resolved under the Maryland Rules of Professional Conduct, we retain the right to withdraw from representing you.

*Full*

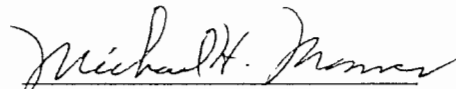
Board of Directors of  
Tuchahoe Farms  
April 1, 2004  
Page 4

**MICHAEL H. MANNES, P. A.**

We will deposit all payments received in a non-interest bearing escrow account, and upon the clearance of all payments received, we will forward to American Property Services, Inc. a check for all payments received, less our fees and any costs that we may have advanced. Remittances will be made on not less than a monthly basis, along with an itemized statement of what the remittance includes. Please be advised that the escrow account will also include deposits from other condominiums and associations for which we provide services. The acceptance of the Collection Procedure will acknowledge the Association's understanding of the method in which payments we receive will be handled and disbursed.

Please study the enclosures and feel free to call me if I may be of any assistance in providing further explanation. If the Board of Directors agrees with this Procedure, please adopt it at your next Board meeting and add one of the copies to your minutes. In addition, the Collection Procedure Outline should be published in the Association's Newsletter at least fifteen days prior to its implementation, in order to provide notice of its basic terms. If the Collection Procedure is adopted, please note your acceptance by executing a copy of this letter and returning to me along with your original signature and the date at the bottom of the first (1st) page of the Collection Procedure Outline. Upon receipt, I will, on your behalf, file a copy of the Collection Procedure Outline in the Homeowners Association Depository in your County.

Very truly yours,

  
Michael H. Mannes

Enclosures

Accepted this 05 day of May, 2004.

TUCHAHOE FARMS HOMEOWNERS ASSOCIATION, INC.

By:   
MELISSA COOGLE, President

COLLECTION PROCEDURE OUTLINE  
Tuchahoe Farms Homeowners Association, Inc.

1. The management company will prepare a collection letter to be sent to all owners who are (30) days delinquent in payment of assessments, requesting immediate payment, and advising the owner that unless payment is received within 30 days, the matter will be turned over to the attorney. At that time the owner will automatically be responsible for costs of collection, a \$150.00 collection fee and any attorneys fees subsequently incurred.

2. If the owner does not pay as requested, the management company will contact the attorney and begin the collection process.

3. The attorney will send an initial letter demanding payment. This letter will comply with Fair Debt Collection Practices Act and give the delinquent thirty (30) days to dispute the debt before further action is taken to collect the account.

4. If the account remains delinquent, the attorney will send, by certified mail, return receipt requested, a Notice of Intention to Create Lien. The letter will demand payment, within 15 days, of all past-due assessments, interest, costs of collection (which includes costs incurred by our office for photocopying, postage, messenger service, court cost, etc...) late charges, costs of collection (which include costs incurred by our office for photocopying, postage, messenger service, court costs, etc...) and a collection fee of \$150.00. The letter will also advise the owner that, if the attorney 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 attorney. In the event the amount claimed is not paid within 15 days, the owner will also be responsible for payment of the title search fee of \$65.00 and any attorneys fees incurred since the date of the letter. The Notice of Intention to Create Lien advises the owner of the intent to record a lien against the property, and of his/her legal right to contest the amount claimed in a show cause complaint filed in the Circuit Court for Harford County ("Circuit Court"). If the delinquent owner fails to accept the initial Notice letter sent by certified mail, the attorney will cause the Notice to be:

- (a) mailed to the delinquent owner's last known address; and

  
\_\_\_\_\_  
Authorized Officer

05-05-04  
\_\_\_\_\_  
Date

- (b) posted, in a conspicuous manner, on the delinquent owner's property by the Association, in the presence of a competent witness.

5. The Notice of Intention to Create Lien also will advise the delinquent owner that they have 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 30 day period, a Statement of Association Lien, will be sent to the management company at the expiration of the 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, and other charges permitted by law, together with reasonable attorneys' fees.

6. Payment tendered to the attorney or the management company will not be accepted, subject to the attorney's discretion, unless it is by certified check, cashier's check, or money order, payable to Michael H. Mannes, P.A. and constitutes payment in full of all amounts claimed in the attorney's letter. The management company will forward all payments it receives to the attorney. Personal checks tendered to the attorney will not be accepted and will be returned to the owner. Any payments tendered to the Association or the Management Agent after the delinquent owner's account has been referred to the attorney, which do not constitute payment in full including collection/attorneys fees and costs will at the discretion of the attorney:

- a. Be returned to the delinquent owner; or
- b. Be credited to the total outstanding balance due in the following manner: first to the attorney's fees and costs of collection, late fees, interest, 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 charges, interest, costs of collection, and attorneys' fees due, and such assessments, late charges, interest, costs, and fees shall continue to accrue, until paid in full.

7. If the owner files a complaint in the Circuit Court to determine whether probable cause exists for the establishment of a lien, the attorney will advise the Board of Directors and the management company of the filing. The attorney will advise the Board and the management company of any hearing date established by the Circuit Court, and take any and all legal action necessary to establish the lien. If a Court hearing is required, a representative of the Association and/or the management company 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.

8. If the Circuit Court determines that probable cause exists for the establishment of the lien, the attorney will prepare the lien in accordance with Paragraph 5 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 the Court's decision and recommend what further action, if any, should be taken against the owner.

9. If no payment is received from the owner within 30 days after the date of establishment of the lien, the attorney will prepare a Petition to Foreclose on the lien or file a Complaint in the District Court of Maryland and transmit it to the management company for execution and filing in the Circuit or District Court as the case maybe. If trial in District Court is deemed necessary by the Attorney, a representative of the Association and/or the management company will be requested to testify on behalf of the Association as to the legitimacy of all amounts claimed.

10. Full payment will be accepted from the delinquent owner at any time until the auction for the property under foreclosure, and such payment shall include all assessments, late charges, accrued interest, attorneys' fees, costs of collection, and auction costs incurred. Only payments by certified check, cashiers's check, or money order, will be accepted. Personal checks will not be accepted and will be returned to the owner.

11. The attorney will keep a full accounting of all fees and expenses paid by it, and will request the same of the management company.

12. It is the intention of the attorney that the least cumbersome, most effective method of collection will be used at all times.

13. In order to facilitate the collection of delinquent assessments, the management company will advise the attorney of any and all information pertaining to the owner, including place of employment and bank account information, if known. This information is requested in order to provide the attorney with the alternative of filing suit in the District Court of Maryland to obtain judgment as opposed to instituting foreclosure.

14. Should the Board of Directors agree to any payment arrangement with the owner, it will be reduced to writing and signed by the delinquent owner. The attorney will cease activity on the collection matter at the time the payment agreement is accepted by the owner and a copy of the signed plan is received by the attorney. The matter will not be closed until the payment arrangement is completed. If the attorney administers the payments under a payment agreement, the owner will be responsible for an

attorney fee of \$20.00 per installment to monitor the payment. No one may enter into a payment agreement unless the Board of Directors provides authority to do so.

15. This procedure will be reviewed at least annually by the Board of Directors of the Association in consultation with the attorney and the management company, to assure that the procedure is effective.

LAW OFFICES OF  
**MICHAEL H. MANNES, P. A.**  
108 WATER STREET - SUITE 200  
BALTIMORE, MD 21202-1001  
Voice 410-752-8090  
Fax 410-752-8099

Michael H. Mannes  
Attorney at Law  
email: mmannes@mhmpalaw.com

Leslie B. Guarino  
Legal Assistant  
email: paralegal@mhmpalaw.com

[Date]

[Debtor]

Re: [Property Address]

Dear [Debtor]:

Please be advised that this office has been retained by Tuchahoe Farms Homeowners Association, Inc. to collect:

Past Due Assessments	\$
Late Fees	
Interest Due	
Collection Fee	_____
Balance Due	\$

If all or any portion of this debt is disputed, you are to notify us in writing within thirty (30) days, indicating the nature of the dispute. If you do not indicate the dispute in writing within that time, we will assume the debt to be valid. If you indicate a dispute, we will provide you with evidence concerning the validity of the debt and the name and address of the creditor.

This letter is an attempt to collect a debt, and any information obtained will be used for that purpose.

Should you desire to pay the balance due, please send payment, in the form of certified funds, cashier's check or money order to our office. Your payment must be made payable to our firm.

Very truly yours,

Leslie B. Guarino,  
Legal Assistant

forms\200

cc: President, Tuchahoe Farms Homeowners Association, Inc.  
American Property Services, Inc.

LAW OFFICES OF  
**MICHAEL H. MANNES, P. A.**  
108 WATER STREET - SUITE 200  
BALTIMORE, MD 21202-1001

Voice 410-752-8090

Fax 410-752-8099

Michael H. Mannes  
Attorney at Law  
email: mmannes@mhmpalaw.com

Leslie B. Guarino  
Legal Assistant  
email: paralegal@mhmpalaw.com

[Date]

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
CERTIFIED NO.:

[Debtor]

RE: Delinquent Association Assessments  
Notice of Intention to Create Lien

Dear [Debtor]:

The law firm of Michael H. Mannes, P.A. has been authorized by Tuchahoe Farms Homeowners Association, Inc. whose address is c/o American Property Services, Inc., 221 South Main Street, Suite 204, Bel Air, Maryland 21014 and it's management company, American Property Services, Inc. due hereby make demand upon you for the immediate payment of your past-due association assessments. We are a debt collector and have been retained to collect this debt. Any information you give us will be used to collect this debt.

1. Pursuant to Article IV of the By-Laws of Tuchahoe Farms Homeowners Association, Inc., you, as an owner, are obligated to remit \_\_\_\_\_ installments of \$\_\_\_\_\_ as payment of your share of common expenses of the Association. The Association's records indicate that you have failed to remit payment for the period from \_\_\_\_\_ to \_\_\_\_\_. The amount presently due is \$\_\_\_\_\_, which includes assessments totaling \$\_\_\_\_\_, late charges totaling \$\_\_\_\_\_, costs of collection totaling \$25.00 and a collection fee of \$150.00. If payment of \$\_\_\_\_\_ is received within 15 days, from the date of this letter, no further legal action will be taken against you and your property.

2. If you have not made payment which has been received by this office within 15 days of the date of this letter, you will be held responsible for the cost of a title report in the amount of \$65.00. After expiration of 15 days, no payment will be accepted, unless it is in the total amount of \$\_\_\_\_\_.

[Debtor]

[Date]

3. Unless payment is received, the Association intends to create and record a lien against your property. The Association cannot create a lien against your property until at least thirty (30) days after you have received legal notice of its intent to do so. Possible forms of legal notice include (1) notice by certified or registered mail, or, (2) notice by regular mail and posting on the property in a conspicuous manner. If it is necessary for the Association to obtain service of notice by (a) sending the Notice by regular mail and (b) posting the Notice at your property, you will bear additional collection costs and attorney's fees of \$75.00, plus additional accrued interest. If you fail to pay your debt to the Association within thirty (30) days after the required legal notice is served, you will become liable for additional accrued interest, and all additional costs of collection and attorneys' fees incurred by the Association in creating and foreclosing the lien against your property.

Pursuant to Section 14-203 (c) of the Contract Lien Act, you may, within 30 days after service of this Notice, file a complaint in the Circuit Court to determine whether probable cause exists for the establishment of the lien. The complaint shall include the following:

1. Your name (complainant) and Tuchahoe Farms Homeowners Association, Inc.
2. A copy of this Notice; and
3. An affidavit containing a statement of facts precluding establishment of the lien for the amounts claimed in the notice.

If you file a complaint, you may request a hearing at which time you and/or the Association may appear to present evidence pertaining to the amounts claimed.

Your certified check, cashier's check, or money order should be made payable to Michael H. Mannes, P.A. NO PAYMENT WILL BE ACCEPTED UNLESS IT IS IN THE FULL AMOUNT PRESENTLY DUE. PERSONAL CHECKS WILL NOT BE ACCEPTED.

If you have any questions regarding this matter, please contact me.

Very truly yours,

Leslie B. Guarino,  
Legal Assistant

forms\201

cc: President, Tuchahoe Farms Homeowners Association, Inc.  
American Property Services, Inc.  
[Debtor]

STATEMENT OF ASSOCIATION LIEN

THIS STATEMENT OF ASSOCIATION LIEN, made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, certifies that \_\_\_\_\_ is/are the owner(s) of record of the property which is situated in Tuchahoe Farms Homeowners Association, Inc. known as \_\_\_\_\_, being also known and more formally described as \_\_\_\_\_, and that the described property is subject to a lien under Title 14, Subtitle 2, of the Real Property Article in the total amount of \$\_\_\_\_\_ as of \_\_\_\_\_, 200\_\_. This sum represents the share of common expenses of the Association allocable to the aforementioned property which are unpaid and delinquent for the period from \_\_\_\_\_ to \_\_\_\_\_, totaling \$\_\_\_\_\_, with interest bearing thereon at the rate of \_\_\_\_\_% per annum totaling \$\_\_\_\_\_, late fees in the amount of \$\_\_\_\_\_, reimbursement of expenses advanced in efforts to collect fees due, which expenses total \$\_\_\_\_\_, and includes reasonable attorneys' fees. The recovery of these sums are provided for in the Declaration of Covenants, Conditions, and Restrictions of \_\_\_\_\_, as recorded among the Land Records of \_\_\_\_\_, State of Maryland, in Liber \_\_\_\_\_, folio \_\_\_\_\_, et seq. It is requested that a Notice of Sale be provided at least 30 days prior to the date of foreclosure if a holder of a superior interest seeks foreclosure, as provided in Section 7-105 of the Real Property Article, Annotated Code of Maryland.

IN WITNESS WHEREOF, under the penalties of perjury, we, as Management Company for Tuchahoe Farms Homeowners Association, Inc., do affirm that notice was given under Section 14-203(a) of the Real Property Article, and that the information contained in this Statement is true and correct to the best of our knowledge, information and belief.

Tuchahoe Farms  
Homeowners Association, Inc.

By: American Property Services,  
Inc.

By: \_\_\_\_\_  
Diane Carminati,  
Property Manager

Return to: Michael H. Mannes  
Michael H. Mannes, P.A.  
108 Water Street, Suite 200  
Baltimore, Maryland 21202-1001