

# AMENDMENT TO HOMEOWNERS DISCLOSURE STATEMENT FOR

## (THE) TERRACES AT SOUTH MOUNTAIN HOMEOWNERS ASSOCIATION, INC.

For deposit with the Circuit Court for Frederick County.

Total Pages Including This Certification: 7 pages

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### Attachments to Disclosure Statement

- a. **Amendment of the By-Laws** of (The) Terraces at South Mountain Homeowners Association, Inc., **LATE FEES**, dated and approved November 3, 2013; and
- b. Board Resolution - Policies and Procedures for **COLLECTION OF ASSESSMENTS**, dated and approved November 3, 2013.

### CERTIFICATION

**I HEREBY CERTIFY** that I am duly authorized by the Board of Directors of (The) Terraces at South Mountain Homeowners Association, Inc., a Homeowners association owning property located in Frederick County, Maryland, to deposit material on behalf of the Association with the Homeowners' Association Depository for the Circuit Court of Frederick County, Maryland, in accordance with the requirements of Section 11B-113 of Title 11B, Real Property Article, *Annotated Code of Maryland*.

Date: 11-19-13

By:   
Kathleen M. Elmore, Esquire

Filed among the Homeowners' Association Depository records on or about November 19, 2013.

Return to: *Elmore, Throop & Young, P.C., 5 Riggs Avenue, Severna Park, Maryland 21146*

Telephone 410 544 6644 [kelmore@elmore-throop.com](mailto:kelmore@elmore-throop.com)

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AMENDMENT OF THE BY-LAWS  
OF  
(THE) TERRACES AT SOUTH MOUNTAIN HOMEOWNERS ASSOCIATION, INC.

**EXPLANATORY STATEMENT:** On or about July 27, 1995, the Bylaws of (The) Terraces at South Mountain Homeowners Association, Inc. were duly adopted. (The) Terraces at South Mountain Homeowners Association, Inc., in accordance with these Bylaws, at a duly called and constituted meeting of the members by the affirmative vote of not less than two thirds of the then members of record present in person or by proxy, hereby amends its said Bylaws as hereinafter provided.

NOW, THEREFORE, as of the <sup>3rd</sup> ~~13th~~ day of November, 2013, the above described Bylaws of (The) Terraces at South Mountain Homeowners Association, Inc. are hereby further amended by adding a new Article XIV, Section 1 thereof, to read as follows:

Article XIV. LATE FEES

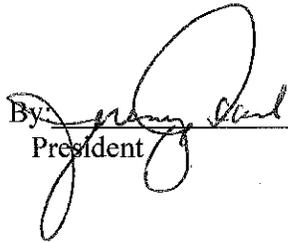
Section 1. Late Fees. A late charge not to exceed \$15.00 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater, may be imposed by the Board of Directors of the Association if any assessment or installment thereof is not paid within 15 days of the date due.

The foregoing amendment shall take effect immediately.

ATTEST:

(THE) TERRACES AT SOUTH MOUNTAIN  
HOMEOWNERS ASSOCIATION, INC.

  
Secretary

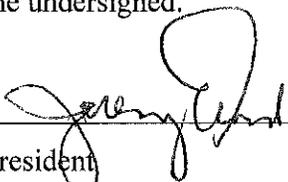
By:   
President

CERTIFICATE OF APPROVAL

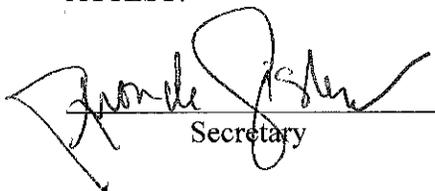
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THE UNDERSIGNED HEREBY CERTIFY that as of the 13th day of November, 2003, I was the person specified by the Bylaws and/or the Board of Directors of (The) Terraces at South Mountain Homeowners Association, Inc. to count and/or verify votes at the meeting of the members of (The) Terraces at South Mountain Homeowners Association, Inc. held on that date. The undersigned hereby further certify that the foregoing Amendment of the Bylaws of (The) Terraces at South Mountain Homeowners Association, Inc. was on that date approved by the **affirmative vote of not less than the percentage required under Article XV of the Bylaws.**

AS WITNESS the signatures and seals of the undersigned.

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

10943.001

**(THE) TERRACES AT SOUTH MOUNTAIN  
HOMEOWNERS ASSOCIATION, INC.  
BOARD OF DIRECTORS' RESOLUTION  
POLICIES AND PROCEDURES FOR COLLECTION OF ASSESSMENTS**

WHEREAS, Article VI, Section 1 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Terraces at South Mountain, dated July 13, 1995, and recorded among the Land Records of Frederick County in Book 2108, pages 0194 *et seq.*, and as from time to time thereafter amended ("the Declaration"), creates an obligation for Lot Owners to pay to the Association, in advance, the common charges assessed by the Board of Directors; and

WHEREAS, Article VI of the Declaration provides that upon default in the payment of any assessment levied pursuant to the Declaration, sets forth certain remedies and options relative to non-payment of assessments, including, but not limited to, imposition of costs, reasonable attorneys' fees and interest; and

WHEREAS, the Charter and the Bylaws provide that the Board of Directors has all of the powers and duties necessary for the administration of the affairs of the Association, 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 (The) Terraces at South Mountain Homeowners Association, Inc. hereby adopts the following assessment collection policy and procedure:

1. The annual common charges assessment shall be due and payable as determined by the Association's Board, without demand, except as may be provided otherwise in this policy, by statute, or the Association's recorded covenants.

2. **Any installment not paid when due shall result in the acceleration** of the installments through the fiscal year and the full annual assessment balance then being due and payable in full after not less than 15 days notice sent to the Lot owner.

3. All documents, correspondence, and notices relating to the charges shall be **sent to the address of the Lot owner of the Lot as such address appears on the books and records** of the Association as maintained by the Managing Agent from time to time. It is the Lot owner's obligation to provide written notice of his or her current mailing address. If the Lot 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 Lot owner at the Lot address. Any mailing or E-mail address change shall be submitted in writing by an authorized person.

4. Any late fee which may be imposed may be waived provided the Lot owner immediately sets up **auto-payment, if available**, and such Lot owner is otherwise current on all assessments and charges by the end of the applicable yearly quarter.

5. If the Association receives from any Lot owner, in any accounting year, a check tendered for payment of assessment installments, which is returned as unpaid by the Lot owner's bank (**bounced check**), the Managing Agent or the Association's attorney may require that Lot owner to make payments 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 by the Association, its agents and attorneys for any check returned unpaid by the bank.

6. **Partial payments** tendered either to the Association'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 administrative costs, 3) late fees (if any), 4) interest charges, 5) other properly assessed fees and charges, 6) principal arrearage, and 7) current principal due (including accelerated principal due if any).**

7. The Managing Agent may **post the Lot owner's name, Lot address and amount of any open lien or judgment on the Association's website or in its newsletter** once the lien and/or judgment is entered. Upon full satisfaction and release of the lien and/or judgment and receipt of notice of same, the website posting will be removed and the next newsletter will not post the prior delinquent information.

8. **Interest at the rate of 12% per annum** shall accrue on any assessment not paid when due, from the date due until paid in full.

9. If payment of any assessment or other charge is not received in the office of the Association, or by its Managing Agent or attorneys **before the 16<sup>th</sup> day of the month** when due:

a) provided State law and/or the Bylaws so provide, **a late fee of \$15.00 or 1/10 of the amount of the delinquent installment, whichever is greater**, may be added to the account to become part of the continuing lien for assessments and personal obligation of the Lot owner, until all sums due, including such late charges, have been paid in full; and

b) all voting rights will be suspended until all sums due, including, but not limited to duly levied fines, have been paid in full; and

c) the Managing Agent may send to the Lot owner of record, **a notice of the Lot owner's delinquency and proposed acceleration of installments** through the fiscal year as provided in this paragraph. The notice shall provide at least the following:

(1) A request for immediate payment, notice of late charge if appropriate, suspension of all voting rights and the right to use recreation facilities; and

(2) Notice that unless payment is received within fifteen (15) days from the date of the notice, the installments will be immediately accelerated through the fiscal year and be due and payable at once; and

(3) If the account is not current by the 15<sup>th</sup> day of the following month, the account will be forwarded to the Association's attorney for collection action and the Lot owner will be responsible for all additional costs of collection, including, but not limited to attorneys' fees.

10. The Managing Agent may **forward to the attorneys** the account of any Lot owner not paid in full as due, and will forward accounts by the **15<sup>th</sup> day of the second month** (45 days), if not before.

11. Information sent to the attorneys will include:

(The) Terraces at South Mountain Homeowners Association, Inc.  
Policies and Procedures for Collection of Assessments  
Approved \_\_\_\_\_ 11/13

a) the current information contained in the Association's official books and records, i.e., the Lot owner's name, mailing address, address of Lot owned, and a statement of account reflecting the total charges due and the date when assessed, as well as history of any partial payments made during the delinquency period; and

b) a copy of any delinquency notice mailed to the Lot owner.

12. 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 Lot owner by the Managing Agent or the Board of Directors without first notifying the attorney of its nature and content, or without a statement of explanation to the Lot owner that the account is with the attorney. The Managing Agent shall promptly notify the attorney of any payments or other correspondence it receives on behalf of the delinquent Lot owner while the attorney is actively involved in the collection.

13. Promptly upon receipt of the list of delinquencies from the Managing Agent, the attorney may cause a title search to be conducted and shall either proceed with a lawsuit against the owner, or, shall send by certified-return receipt requested-restricted delivery mail, to each delinquent Lot owner, a Notice of Intent to Create a Association Lien pursuant to Maryland law. The attorney may or may not send a demand letter before a lawsuit is initiated. Any such letter will demand payment of all charges due, any accrued interest at 12% 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 duly assessed amount due. If the account is not already accelerated, the letter may also advise the Lot owner that, in the event the amount claimed is not paid within fifteen (15) days from the date of the letter, the Lot owner also will be responsible for payment of accelerated assessments through the remainder of the fiscal year. The letter shall contain any other information required by law, or as determined by the attorney.

14. The attorney may also **send notice of the delinquency to the Lot owner's lender** (the bank).

15. Upon entry of judgment in the public records, all **credit reporting agencies** will have access to, and it is anticipated will report, the judgment against the Lot owner thereby affecting his or her credit rating.

16. The attorney will take any and all reasonable legal action necessary to collect the debt and will promptly advise the Managing Agent of hearing dates and other pertinent events. Monthly written reports on the status of the account are intended to be sent by the attorney to the Managing Agent. The Managing Agent will advise the attorney of any and all information available to it that pertains to the delinquent Lot owner, including place of employment, and bank account information if available. If a Court hearing is required, representatives of the Managing Agent or the Board of Directors shall be made available upon request by the attorney to testify on behalf of the Association concerning the legitimacy of all amounts claimed and concerning other matters as deemed appropriate by the attorney. In any court proceeding, the attorney shall request the Court to assess all legal expenses allowed by law and the contract against the Lot owner.

17. No action to foreclose on any Association lien or conduct a Sheriff's sale of the property will be commenced, until the Board of Directors expressly approves such action. If an action is filed by the Association to foreclose or proceed with a Sheriff's sale, payment on the delinquent account will be accepted and applied in accordance with the provisions of this resolution

(The) Terraces at South Mountain Homeowners Association, Inc.  
Policies and Procedures for Collection of Assessments  
Approved \_\_\_\_\_ 11/13

at any time until completion of the public auction of the Lot. However, only full payment of all obligations of the Lot owner then owing to the Association, including costs and expenses of the forced sale and all accrued attorney fees, will stop the auction proceedings.

18. If a personal judgment is obtained on behalf of the Association, the attorney may proceed with post judgment collection efforts as may be appropriate, including, but not limited to, garnishment of wages, bank accounts and personal property, and public auction of the Lot.

19. The Board of Directors, its attorneys and agents may take any and all other lawful action deemed necessary or advisable to collect any charges due to the Association.

20. It is the intention of the Board of Directors that the least cumbersome, most cost 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 Association. As such, the Board of Directors is empowered to grant a waiver of any provision herein upon a written request from a Lot owner alleging a compelling personal hardship or as otherwise determined by the Board, Management or the Attorneys.

21. 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 owner's account if not paid after notice. Non-compliance with any of these procedures by the Association, its Board of Directors, Managing Agent or its attorneys, shall not excuse payment of assessments when due.

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

Approved by not less than a majority of directors at a duly called and noticed open meeting of the Board of Directors on the 3rd day of November, 2013 :

11-3-13  
Date

[Signature] (SEAL)  
President

ATTEST:  
[Signature]  
Secretary

Published to Lot Owners: 11-03-13

Filed among the Circuit Court for Frederick County Homeowners Association Depository on or about November 19, 2013.

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(The) Terraces at South Mountain Homeowners Association, Inc.  
Policies and Procedures for Collection of Assessments  
Approved [Signature]

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