

HIGH POINT NORTH CONDOMINIUM
11400Coastal Highway
Ocean City, Maryland 21842

| HPNC Board Of Directors | |
|-------------------------|----------------|
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January 1, 2011

TO: All unit owners

From: Tom Downey, HPN Property Manager
HPN Board of Directors

Subject: HPN Assessment Collections Procedures; Rev 1

High Point North (HPN) posted a copy of our updated assessment collections procedures on the website last May. As of January 1, 2011, we are breaking the Regular Assessment Fee into 3 portions (see Website posting dated 12/6/10) based on recommendations from our Auditor. The purpose of this memo is update and restate our procedures based on the new coupons.

The Payment/Mailing coupons issued to all owners in December contain the following information:

| | |
|--|-----------------------|
| Unit # 02H (2 nd floor, H stack; we'll use this unit as a sample for this exercise) | |
| Condominium Fee: | \$307.00 – See Note 1 |
| Repl. Reserve: | \$ 46.00 – See Note 2 |
| Cable Charge: | \$ 34.00 – See Note 3 |
| Payment Due 01/01/2011: | \$387.00 |
| <i>After 15 Days pay</i> | \$425.70 – See Note 4 |

Payments are to be mailed to the lockbox (PNC Bank) address in the coupon book. This ensures expedited deposit to the HPN account upon receipt by PNC and proper crediting to your individual account.

Note 1 That portion of your total payment allocated towards normal expenses. Due on the first (1st) day of the month

Note 2 That portion of your total payment allocated towards increasing our Repl(acement) Reserves. Also due on the first (1st) day of the month

Note 3 This is your monthly Cable Fee, which must be paid along with the Condominium Fee and is also due on the first day of the month

Note 4 HPN provides owners with a 15 day grace period for receipt of payments. However, if your check for the Condominium/Replacement Reserves/Cable fee is not received and posted at the Ocean City PNC Bank by the 15th of the month, there is a penalty of 10% of the total due that month. This penalty charge is added to your account on the 16th calendar day of the month and must be paid.

Based on the example above, key dates are shown below:

- 01/01 Condo/Cable fee of \$387 is due (due first day of the month)
- 01/16 If payment has not been received and posted by PNC \$425.70 is due (10% penalty assessed on the 16th calendar day of the month)
- 02/01 First dunning letter issued. Reminder that payment was not received by the 15th of the previous month, that a penalty has been assessed, and that a 1 1/2 % interest charge per month may be added until the account is brought current.
- 03/01 2nd dunning letter issued including notification of Cable TV disconnect
- 03/10 Cable TV may be disconnected. Owner is responsible for disconnect and reconnect fees
- If property is in a rental program HPN may notify rental agent of the TV disconnect. HPN reserves the right to enter a judgment against the owners account with the rental agent
- 04/01 Final dunning letter will be issued. HPN may suspend owner's right to monthly payments and demand all condo and Cable TV fees for the year due and payable immediately
- 04/05 Account will be turned over to the Association's attorney for all available legal remedies, including but not limited to the payment of Association legal fees, and the attachment of income other than wages.

**High Point North Owners
Assessments and Collections
January 1, 2011
Page 2**

Also, every monthly payment received after the 15th of the month will incur a 10% penalty. The 1 ½ % per month interest assessment will be imposed each month on any outstanding balance. Attorney fees will be added once the matter is referred to an attorney.

This process is outlined in HPN's Bylaws, Specifically, Article V, Section 6 of HPN's bylaws, as amended, which states in part:

Section 6. Non-Payment of Assessment.

Any Assessment (normal or special) ...which is not paid on the date when due, shall be delinquent and shall, together with interest thereon and the cost of collection thereof...become(s) a continuing lien upon the Condominium Unit (s) belonging to the (owner) against whom the assessment is levied upon the recording of a statement of lien (in a timely manner pursuant to the law).

The obligations of the (owner) to pay the assessment shall remain a personal obligation and a suit to recover a money judgment for non-payment of any assessment may be maintained without foreclosing or waiving the lien.

Any assessment not paid within fifteen (15) days after it is due is considered to be delinquent and a "late charge" of \$15 or one-tenth of the total amount of any delinquent payment, whichever is greater, is imposed on the delinquent (owner), and if the delinquency is continued beyond 15 calendar days the assessment shall bear interest from the date when due until paid at the rate of 1 1/2% per month.

The (Board of Directors) may bring an action at law (against the delinquent owner), or foreclose the (existing) lien. Costs, interest and reasonable attorney's fees may be added to the amount of each assessment and made a part thereof.

(In addition) the Board of directors may post a list of members who are delinquent in the payment of any assessment or other fees due the (Condominium Association) in any prominent location within the condominium.

The HPN Board of Directors and Property Manager met with HPN's Attorney on Saturday, April 24, 2010 to discuss a number of issues including a review of these collection assessment procedures. As a result of that meeting we have been advised that these procedures are in compliance with HPN Bylaws and Maryland statutes.

We trust that this memo will help clarify any questions you might have had concerning this subject. If there are any questions however please do not hesitate to contact the HPN Office.

Sincerely,

Tom/HPN BOD