

DERWOOD STATION HOMEOWNERS ASSOCIATION No. 2, INC.

BOARD OF DIRECTORS POLICY ON COSTS INCURRED BY THE ASSOCIATION

RESOLUTION

WHEREAS, the Board of Directors is responsible for controlling increased costs of the Association, and

WHEREAS, the Association is incurring costs which should not be borne by the entire Association, and

WHEREAS, individual Members of the Association have caused the Association to incur expenses in the enforcement of the Association's Declaration of Covenants, Covenants and Restrictions, Bylaws and Adopted Policies, and

WHEREAS, these costs should be the responsibility of the Association Member that causes the Association to incur these costs.

NOW THEREFORE, the Derwood Station Homeowners Association No. 2, Inc. Board of Directors adopts the following Policy to deal with this problem.

All costs incurred by the Association as a result of the Association proceeding to enforce the Association's Declaration of Covenants, Covenants and Restrictions, Bylaws and Adopted Policies caused by a Member of the Association shall be recoverable from the Association Member that caused the Association to incur those costs. The costs incurred by the Association as the result of the Association proceeding to enforce the Association's Covenants, Covenants and Restrictions, Bylaws and Adopted Policies shall be paid by the offending Member or Members and if not paid promptly paid, shall become part of their next Homeowner Association Assessment. The Association Member will not be responsible for these costs if a Maryland Court or Binding Arbitration through the Montgomery County Office of Consumer Affairs finds that the Association was in error.

Costs that are recoverable under this Policy include postage costs, legal expenses, expert witness expenses, Association's expenses for the Manager's time and expenses for hearings, court appearances and Consumer Affairs Mediation and Arbitration hearings, printing and mileage expenses and any other expenses incurred by the Association proceeding to enforce the Association's Covenants, Covenants and Restrictions, Bylaws and Adopted Policies.

This Policy shall become effective immediately after its adoption.

Approved by the Derwood Station Homeowners Association No. 2, Inc. Board of Directors on MARCH 17, 1987.

Jerald W. Anderson
Jerald W. Anderson, President

Gary T. Palmer
Gary T. Palmer - Secretary-Acting

Attest