

# Exhibit A

CONSUMER PROTECTION DIVISION,  
OFFICE OF THE ATTORNEY GENERAL

Proponent,

v.

PROFESSIONAL COMMUNITY  
MANAGEMENT, INC., *et al.*

Respondents.

IN THE CONSUMER PROTECTION  
DIVISION, THE OFFICE OF  
THE ATTORNEY GENERAL  
OF MARYLAND

CPD Case No.: 24-001-372271

OAH Case No.: OAG-CPD-04-24-02235

ADMINISTRATIVE HEARING PROCESS  
AUG 20 2025

Office of the Attorney General  
Consumer Protection Division  
**FILED**

## FINAL ORDER

Following consideration of the Proposed Decision issued by Administrative Law Judge Mary Pezzulla (“ALJ”) on December 18, 2024 (the “Proposed Decision”), Exceptions filed by the parties and any responses thereto, and the Requests for Final Order submitted by the Consumer Protection Division (the “Division”)<sup>1</sup> of the Office of the Attorney General and Respondents Professional Community Management, Inc. (“ProCom”), Michael Finley (“Finley”) and Scott M. Davis (“Davis”) (collectively “Respondents”) and the objections filed thereto, the Agency finds by a preponderance of the evidence that Respondents Finley, Davis and Professional Community Management, Inc. have violated the Consumer Protection Act (“CPA”), Md. Code Ann., Com. Law (“CL”) §§ 13-101 through 13-501, and the Maryland Consumer Debt Collection Act (“MCDCA”), Com. Law §§14-101 through 14-204, and hereby ORDERS Respondents to: (a) cease and desist from violating the CPA and MCDCA, (b) take affirmative action pursuant to § 13-403(b)(1) of the CPA as described herein; and (c) pay restitution, civil penalties, and costs pursuant to §§ 13-403(b)(1) or 13-402 of the CPA as set forth herein.

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<sup>1</sup> The Division acting in its capacity as a quasi-judicial agency is referred to herein as the “Agency,” while the Division acting as the Proponent in the instant matter is referred to as “Proponent.”

## **PARTIES**

1. The Proponent in this proceeding is the Division, which is the state agency charged with enforcing the CPA and other consumer protection laws, such as the MCDCA, the Maryland Homeowners Association Act (“MHAA”), Md. Code Ann., Real Prop. (“RP”) §§ 11B-101 through 11B-118, and Maryland Condominium Act (“MCA”), Md. Code Ann., Real Prop. §§ 11-101 through 11-143.

2. Respondent ProCom is a Maryland corporation that was formed on or about November 1, 1990, and that regularly conducts business in Maryland. ProCom provides property management services to homeowners associations and condominiums (hereinafter “Associations”), including the services for the collection of Association assessments.

3. Respondent Finley is a Maryland resident, is a founder of Respondent ProCom, and was owner and president of ProCom until selling ProCom to Respondent Davis on December 15, 2021.

4. Respondent Davis is a Maryland resident and on December 15, 2021, became the owner and president of ProCom.

## **AGENCY’S FINDINGS OF FACT AND CONCLUSIONS OF LAW**

5. The Agency hereby adopts the Proposed Decision made by the ALJ issued on December 18, 2024, as modified and revised in accordance with the Agency’s Ruling on Exceptions filed herewith, and as set forth in the Findings of Fact and Conclusions of Law issued by the Agency that are attached hereto as Exhibit A as if fully set forth herein.

## **DEFINITIONS**

As used herein, the following terms shall have the below meanings:

6. The term “collection agency” shall mean is a person, including a legal entity, that is “engaged directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim.” *See* Md. Code Ann., Bus. Reg. (“BR”) § 7-101(c)(1) (2024).

7. The terms “consumer” and “homeowner” are interchangeable and shall mean “an actual or prospective purchaser, lessee, assignee, or recipient of a lot in a development...” or “a condominium unit.” *See* RP §§ 11B-115 and §11-130

8. The term “Association” shall mean homeowners associations or condominiums.

9. The terms “admin fee” and “collection cost” are interchangeable and shall mean the amount ProCom charges to send communication to a consumer that they have an unpaid assessment balance.

10. The term “governing documents” shall mean the Association’s Articles of Incorporation, Declaration of Covenants, and By-Laws.

### **APPLICATION**

11. The provisions of this Final Order apply to Respondents Professional Community Management, Inc., Michael Finley, and Scott M. Davis, and their officers, agents, employees, assigns and successors in connection with any business or business entity in or for which they, either individually or collectively, and either currently, or in the future, have an ownership interest, have authority to control, or have the authority to establish policy.

12. The provisions of this Final Order shall apply to all of the Respondents’ activities relating to the offer and sale consumer services in Maryland, and the collection of consumer debts.

## **CEASE AND DESIST PROVISIONS**

13. Unless otherwise specified, the cease and desist provisions shall apply to each of the Respondents. As used herein, the term "Respondents" shall be read to include each individual Respondent, as appropriate.

14. The Respondents shall not make any misleading oral or written statements that have the capacity, tendency, or effect of deceiving or misleading consumers, including but not limited to:

- a. Representations that consumers owe late fees when the consumer's Association's Declaration and/or By-Laws do not permit the charging or collection of late charges;
- b. Representations that consumers owe admin fees or collection costs when the consumer's Association's Declaration and/or By-Laws do not permit the charging or collection of admin fees or collection costs;
- c. Representations that consumers owe aggregate admin fees and late fees that exceed those permitted to be charged pursuant to the consumer's Association's Declaration and By-Laws;
- d. Representations that consumers owe admin fees or late fees before the consumer's Association's Declaration and By-Laws permit; and
- e. Representations that consumers owe admin fees or late fees more than once per delinquent assessment.

15. The Respondents shall not fail to state any material fact, the omission of which would have the capacity, tendency, or effect of deceiving or misleading consumers, including but not limited to omissions relating to:

- a. Whether consumers owe late fees for when the consumer's Association's Declaration and By-Laws did not permit the charging or collection of late charges;
- b. Whether consumers owe admin fees or collection costs when the consumer's Association's Declaration and By-Laws do not permit the charging or collection of admin fees or collection costs;
- c. Whether consumers owe aggregate admin fees and lates that exceed the consumer's Association's Declaration and By-Laws;
- d. Whether consumers owe admin fees or late fees before the consumer's Association's Declaration and By-Laws permit; and
- e. Whether consumers owe admin fees or late fees more than once for each delinquent assessment.

16. Respondents Finley and ProCom shall not represent that they are licensed debt collectors if they are not, or have any other approval, status, affiliation, or connection that he or it does not have.

17. The Respondents shall not charge consumers an "admin fee" or "collection cost" when the consumer is delinquent in paying their Association's assessment.

18. The Respondents shall not charge consumers a late fee that is not explicitly authorized by the consumer's Association's governing documents and as limited by the MHAA and MCA.

19. The Respondents shall not charge consumers a late charge before the date permitted by the consumer's Association's governing documents and as limited by the MHAA and MCA.

20. The Respondents shall not charge consumers a late charge more than once for each delinquent assessment.

21. None of the Respondents shall make payments to themselves without prior written authorization from the Associations it manages.

22. The Respondents shall not seek to collect debts from consumers without obtaining and maintaining all required licenses, registrations, and certifications.

### **RESTITUTION**

23. The Agency finds that consumers were harmed as a result of Respondents' unfair and deceptive trade practices in connection with their offer and sale of consumer services and collection of consumer debts and that Respondents should be required to pay restitution to the Agency.

24. The Agency finds that Respondents Finley and ProCom, jointly and severally, unlawfully collected late fees and admin fees not permitted by consumers' Associations' governing documents and collected consumer debts without the required collection agency license. Further, Respondents Finley and ProCom applied consumer payments to admin fees and late charges first to ensure consumers always maintained an assessment balance and could not avoid paying the illegal admin fees and late charges. As a result, consumers repeatedly paid amounts that were not owed.

25. Within thirty (30) days of the entry of this Final Order, Respondents Finley and ProCom, jointly and severally, shall pay restitution to the Agency equal to the sum of all monies they received from consumers for the admin fees and late charges that were in excess of the amount permitted by the consumers' Associations' governing documents, less any amounts that the Respondents can sufficiently document were refunded to consumers (the "Restitution Amount"). The Restitution Amount that Respondents Finley and ProCom shall pay shall be at least

\$305,606.87, and the following amounts may be distributed to consumers at the following

Associations:

<b>PROPERTY NAME</b>	<b>PROPERTY CODE</b>	<b>Number of Homeowners</b>	<b>Restitution Amount</b>
Walden 678 HOA	67H	100	\$3,336.00
Adnell Woods HOA	ADH	62	\$1,548.00
Amberfield HOA (AKA Crofton Amberfield HOA)	AMH	20	\$1,620.00
Annapolis Walk HOA	AWH	47	\$1,281.00
Bluffs at Deep Creek Condominium	BLC	36	\$1,015.00
Briarleigh HOA (AKA Briarleigh Crofton Village Section 5)	BLH	35	\$672.00
Blue Ridge HOA (AKA Blue Ridge @ Crofton Meadows HOA)	BRH	17	\$216.00
Bayview Hills HOA	BVH	88	\$3,312.05
Crofton Chase HOA	CCH	28	\$1,468.00
Chesterfield HOA	CDH	845	\$48,795.00
Chapman Farm HOA	CFH	89	\$1,740
Chestnut Hill Cove HOA	CHH	194	\$14,933
Covington 5 Townhouse HOA (AKA Covington Knolls)	CKH	142	\$15,642.75
Crofton Meadow HOA	CMH	482	\$10,248.00
Colony Square HOA	COH	113	\$11,400.00
Covington Manor & Townes HOA	CTH	150	\$3,807.00
Centennial Village HOA	CVH	90	\$10,488.00
Cedar Woods HOA	CWH	13	\$1,068.00
Enterprise Knolls HOA	EKH	87	\$1,644.00
Falcon Crest Condominium	FCC	19	\$287.00
Glen Allen HOA	GAH	120	\$2,215.00
Chapel Grove HOA	GCH	78	\$2,724.00
Glen Dale Forest HOA	GFH	49	\$5,673.00
Gentry HOA	GNH	27	\$3,882.55
Horizon Estates HOA	HEH	106	\$10,974.00
Hunt Meadow HOA	HMH	62	\$2,688.00
Howard's Ridge HOA	HRH	48	\$3,528.0
Jasons Landing HOA	JLH	22	\$792.00
Knolls Section 7 HOA (AKA Knolls @ Crofton Village Section 7 HOA)	K7H	40	\$3,667.00

Knolls Section 8 HOA (AKA Knolls @ Crofton Village Section 8 HOA)	K8H	33	\$2,496.00
Kingsport HOA (AKA Kingsport of Annapolis)	KPH	42	\$1,566.72
Landings at River Oaks (The) HOA	LRH	11	\$277.00
Leishear Village HOA (AKA Murray Hill Association, Inc.)	LSH	12	\$357.00
Lake Village Manor HOA	LVH	132	\$5,748.00
Millbrook HOA	MBH	175	\$18,775.00
Melwood Park HOA	MPH	244	\$21,663.00
Millrace HOA	MRH	85	\$2,424.00
Olde Mill III Condominium	OMC	70	\$13,125.00
Oak Pond HOA	OPH	164	\$4,417.00
Patuxent Glen HOA	PGH	40	\$1,206.00
Piney Station HOA (AKA Piney Station @ Piney Orchard)	PSH	97	\$4,824.00
Saddlebrook East HOA (AKA Saddlebrook HOA)	SEH	55	\$2,298.00
Saddlebrook West HOA	SKH	184	\$5,883.80
Saxony Square/Kingsley Hall HOA	SSH	95	\$10,278.00
Symphony Village HOA	SVH	14	\$313.00
Stonewood HOA	SWH	85	\$7,363.00
Crofton Meadows TH6 HOA	T6H	18	\$1,070.00
Ternberry HOA	TBH	75	\$7,253.00
Crofton Village Town HOA	VTH	68	\$6,473.00
Walden 15 HOA	W5H	24	\$1,381.00
Woodbridge Crossing HOA	WBH	65	\$1,771.00
Woodstream East HOA	WEH	92	\$6,636.00
Waterford HOA	WFH	22	\$264.00
West Courts HOA (AKA West Courts @ Piney Orchard HOA)	WPH	45	\$1,320.00
Walnut Ridge HOA (AKA Walnut Ridge Community Association)	WRH	80	\$3,375.00
Woodstream Recreation Association, Inc.	WSR	159	\$2,385.00
<b>GRAND TOTAL:</b>		<b>5,395</b>	<b>\$305,606.87</b>

26. For consumers harmed by the practices of Respondents Finley and ProCom, after March of 2018 but before December 15, 2021, Respondents Finley and ProCom, jointly and

severally, shall pay to the Agency restitution equal to the amount of all monies they received from consumers for the admin fees and late charges that were in excess of the amount permitted by the consumers' Associations' governing documents, less any amounts that the Respondents can sufficiently document were refunded to consumers (the "Restitution Amount"). The Restitution Amount may be distributed to consumers. The Restitution Amounts consumers are owed under this paragraph shall be determined by the claims procedure set forth below in paragraph 33.

27. For consumers harmed by the practices of Respondents Davis and ProCom after December 15, 2021, Respondents Davis and ProCom, jointly and severally, shall pay to the Agency restitution equal to the amount of all monies they received from consumers for the admin fees and late charges that were in excess of the amount permitted by the consumers' Associations' governing documents, less any amounts that the Respondents can sufficiently document were refunded to consumers (the "Restitution Amount"). The Restitution Amount may be distributed to consumers. The Restitution Amounts consumers are owed under this paragraph shall be determined by the claims procedure set forth below in paragraph 33.

28. Within thirty (30) days of the entry of this Final Order, Respondents Finley and ProCom, jointly and severally, shall pay restitution to the Agency equal to the sum of \$26,406 that equals the amounts Respondents Finley and ProCom deceptively withdrew from Leishear Village's bank account without authorization (the "Restitution Amount"). The Restitution Amount may be distributed to Leishear Village.

29. Within thirty (30) days of the date of the entry of this Final Order, the Respondents shall provide the Proponent with the following information concerning each consumer from each Association whom the Respondents received payments since March of 2018 related to the

Respondents' offer and sale of consumer services and collection of consumer debt (the "Consumer List"):

(a) For each consumer whose name is contained on the Consumer List, the Respondents shall provide the following contact information:

- (i) the consumer's first name;
- (ii) the consumer's last name;
- (iii) the name of the Association where the consumer resides;
- (iv) the consumer's address;
- (v) the consumer's telephone number; and
- (vi) the consumer's email address.

(b) For each consumer whose name is contained on the Consumer List, the Respondents shall provide the following information in excel format concerning all the charges to and payments from the consumer:

- (i) the date(s) and amounts the Respondents applied as assessment charges to the consumers' accounts;
- (ii) the date(s) and the amounts of any late charges applied to the consumers' accounts;
- (iii) the date(s) and amount of any "admin fees" or "collection costs" applied to the consumers' accounts; and
- (iv) any amount the Respondents have refunded to the consumer.

The Respondents shall provide the Consumer List data in an Excel spreadsheet or any other format approved by the Proponent.

30. The Agency shall place the Restitution Amount it receives into an account to be maintained by the Agency that shall be used to pay restitution to consumers (the “Restitution Account”).

31. The Agency shall use the Restitution Amount it receives from the Respondents to pay restitution to consumers harmed by the Respondents’ unfair and deceptive trade practices found herein.

32. The Proponent shall perform a claims process that will be conducted by a person or persons appointed by the Agency (hereinafter the “Claims Administrator”). The Claims Administrator may be an employee of the Agency or an independent claims processor. If the Proponent hires an independent claims processor, the Claims Administrator shall have experience processing consumer claims arising from large consumer or class action settlements or resolutions. The Claims Administrator must have the capability of administering a large claims procedure, including mailing claims notices to consumers; processing, accounting for and delivering payments to consumers; maintaining a dedicated phone line that may be used to respond to consumer inquiries; taking the steps outlined herein to locate consumers whose claims notices or claims payments are returned as undeliverable; and providing a final accounting to the Division and Respondents at the conclusion of the claims procedure.

33. The claims process shall consist of identifying and locating each consumer who is eligible to receive restitution pursuant to this Final Order, gathering all information necessary to determine the amounts of restitution due to each consumer who is eligible to receive restitution, and the mailing by the Claims Administrator of restitution payments to all such consumers and any other mailings that assist the claims process.

34. In addition to the amounts and consumers identified in paragraph 25 above, if it is possible to identify additional consumers entitled to relief from sources other than a claim filed by a consumer, the Claims Administrator may provide restitution to the consumer without the necessity of the consumer submitting a claim.

35. The Claims Administrator shall perform tasks to ensure a thorough and efficient determination of consumers' claims pursuant to the terms of this Final Order.

36. The Claims Administrator shall perform the above duties under the supervision and control of the Proponent.

37. The Respondents shall give the Claims Administrator complete access to all records, data, and personnel necessary for the Claims Administrator to complete the Claims Administrator's duties.

38. The Respondents shall be liable for the costs of conducting the claims process, including the payment provided for under paragraph 54 of this Final Order. The Claims Administrator shall notify the parties of all costs incurred in connection with the claims process.

39. If, at any stage of the claims process, it is determined that the Restitution Account will require additional payments to satisfy all consumer restitution due under this Final Order and pay the costs of the claims process, the Respondents shall deposit additional money in the amount specified by the Proponent within thirty (30) days of being notified by the Proponent of the additional amount.

40. If there are insufficient funds received by the Agency to cover full restitution for consumers and the civil penalty and costs due hereunder, the funds received shall be credited first toward restitution and shall only be credited toward the civil penalty and costs after all restitution claims are satisfied.

41. If there are insufficient funds collected to provide full restitution to each victim, restitution shall be distributed to consumers on a pro rata basis.

### CIVIL PENALTIES

42. The Agency has found that the Respondents committed “widespread and numerous” violations of the CPA by (i) charging and collecting late fees that were not permitted by Association governing documents, (ii) charging and collecting “admin fees” or “collection costs” not permitted by Association governing documents, (iii) charging and collecting fees before Association governing documents permitted, (iv) charging and collecting fees more than once for each delinquent assessment, and (v) collecting debts in violation of the MCDCA. In total, the Agency has found that Respondents unlawfully collected at least three hundred five thousand six hundred six dollars and eighty-seven cents (\$305,606.87) in payments from at least five thousand three hundred ninety-five (5,395) consumers through March of 2018. These are likely only some of the consumers who were harmed by the Respondents’ unfair and deceptive trade practices. The testimony and documentary evidence admitted in this matter show a consistent pattern of unfair and deceptive conduct by the Respondents throughout their dealings with the consumers.

43. The Agency also found that Respondent Finley and ProCom violated § 14-202(8) of the MCDCA, as well as § 13-301(14)(iii) of the CPA, when they engaged in unlicensed debt collection activity on behalf of third parties (Associations), and were “doing business as a collection agency,” *see* Business Regulation § 7-301(a)—*i.e.*, “engaging directly or indirectly in the business of ... collecting for, or soliciting from, another a consumer claim” *Id.* § 7-101(d)(1)(i). Additionally, the Agency has found that in collecting third party consumer debts without the required collection agency license, Respondents Finley and ProCom also violated § 13-301(2)(ii)

of the CPA as they implicitly represented they had a sponsorship or approval that they did not possess.

44. Pursuant to Md. Code Ann., Com. Law § 13-410, the factors to be considered by the Agency in setting the amount of a civil penalty are:

- (i) The severity of the violation for which the penalty is assessed;
- (ii) The good faith of the violator;
- (iii) Any history of prior violations;
- (iv) Whether the amount of the penalty will achieve the desired deterrent purpose; and
- (v) Whether the issuance of a cease and desist order, including restitution, is insufficient for the protection of consumers.

Each of these factors is considered below.

45. The Respondents' violations were severe. Respondents' violations were widespread and numerous, impacting over 5,000 consumers before March of 2018. Indeed, the Respondents' violations began as early as 2012 and stretched to 2024. The amounts that Respondents improperly charged consumers frequently accumulated to amounts that were significant. Moreover, the Respondents' practice of applying consumer payments to admin fees and late charges before delinquent assessments ensured consumers could not avoid paying the illegal charges. Finally, Respondents collection of illegal fees, no matter the amount, is also a severe violation of the CPA.

46. The Respondents also acted in bad faith when charging and collecting late charges and admin fees that were not permitted by the Associations' governing documents. The Agency has found that it was "convenient and self-serving for the Respondents to hold themselves out to

the public as experts who have in-depth knowledge about the Associations they manage and actively make recommendations to, but then, in litigation, disavow detailed knowledge of the Associations' governing documents and argue that they are only a tool of the various boards." See Findings of Fact and Conclusions of Law p. 186. The Agency further found that Respondents were repeatedly warned and knew as early as 2016 that their admin fees were disguised late fees; but did not inform the Associations or homeowners of this and continued to charge and collect these illegal fees. Moreover, once Respondents informed the Associations of the Division's contention that their admin fees were late charges in 2018, Respondents assured the Associations that the admin fees were permitted by the Associations' governing documents that Respondents had not reviewed. Finally, Respondents were told by counsel for at least one Association it managed that "collection costs 'are unable to be collected as the governing documents do not allow for these amounts to be charged.'...Yet, t]he Respondents continued to charge collection costs to homeowners...." Findings of Fact Nos. 22-24, 26. Respondents Finley and ProCom also acted in bad faith when they withdrew monies from one Associations' bank account without permission. The Agency has found that Respondent Finley blamed the Division's investigation into ProCom on the complaint of a homeowner at Leishear Village, but "the fact that SG made an initial complaint does not make Leishear Village responsible for all litigation costs the Respondents incurred with the Division's investigation." Findings of Fact and Conclusions of Law at pp. 196-197. The Agency has further found that when Finley withdrew the funds from Leishear Village's account, he knew Leishear Village disputed owing those amounts but withdrew the funds anyway. *Id.*

47. Respondents had no known prior history of violating the CPA, but the violations that occurred in this case lasted for years and likely would have continued but for the Proponent's

investigation into this matter. Indeed, the Agency has found that Respondents knew as early as 2016 that the Proponent viewed Respondents collection cost as an impermissible late charge. *See* Findings of Fact and Conclusions of Law at pp. 191-192. Yet, instead of altering their practices, Respondents told their Association clients that upon review of their governing documents, Respondents collection cost could be charged, but Respondents had not reviewed the Associations' governing documents and continued to charge the impermissible charges to consumers. *Id.*

48. Injunctive provisions and an order to pay restitution alone are insufficient to protect consumers and likely will not deter Respondents from continuing the same courses of illegal conduct. Simply ordering the Respondents to return illegal fees would, at best, place the Respondents in the same position they would have occupied had they obeyed the law. That is especially true because the Respondents' collection of illegal fees was so widespread and numerous and persisted for so many years that it is not possible to identify every single violation that the Respondents committed. For these reasons, a significant penalty is necessary to deter Respondents and those similarly situated from engaging in this or a similar type of illegal conduct in the future.

49. Section 13-410(a) of the CPA provides that a merchant who engages in a violation of the Act is subject to a fine of not more than \$1,000 for each violation committed prior to October 1, 2018, and a fine not exceeding \$10,000 for each violation after that date.

50. Following consideration of the evidence of this case, and the findings of the ALJ that have been incorporated herein, as modified herein and by the Agency's Ruling on the Parties' Exceptions, the Agency has determined that the Respondents committed the following number of violations for which they should pay the below listed penalty amounts:

- (a) Before March 2018, Respondents Finley and ProCom committed unfair and deceptive trade practices as defined by §§ 13-301(1), (3) and 14(iii) of the CPA in violation of § 13-303 of the CPA at least 5,395 times by charging homeowners delinquent in paying their assessments late fees and admin fees that exceeded the amount permitted by the homeowners' Association governing documents. Based on these findings, Respondents Finley and ProCom shall pay a penalty of \$80,925, which is a penalty of \$15 for each time a consumer was overcharged for a delinquent assessment payment.
- (b) Respondents Finley and ProCom violated § 7-301 of MCALA, § 14-202(8) of the Debt Collection Act, and committed unfair and deceptive trade practices as defined by §§ 13-301(1), (2)(ii), (3), and (14)(iii) of the CPA in violation of § 13-303 of the CPA when from January 1, 2016 through January 10, 2020, a total of 1,470 days, they collected or attempted to collect assessments, late charges, admin fees, and other amounts due to the Associations without being licensed as a collection agency and with knowledge that the right to collect did not exist. Based on these findings, Respondents Finley and ProCom shall pay a penalty of \$29,400, which is a penalty of \$20.00 for each day that it acted as a collection agency without the required license and with knowledge or reckless disregard that the right to collect did not exist.
- (c) Respondents Finley and ProCom committed unfair and deceptive trade practices as defined by §§ 13-301(1), and (3) of the CPA in violation of § 13-303 of the CPA when in 2020 they twice withdrew monies from Leishear Village's bank account, amounting to over \$26,000, for costs they incurred in

complying with the Division’s investigation into all of ProCom’s management practices. Based on these findings, Respondents Finley and ProCom shall pay a penalty of \$10,000, which is a penalty of \$5,000 for each unauthorized withdrawal of funds from Leishear Village’s bank account.

(d) Before December 2021, Respondents Finley and ProCom committed unfair and deceptive trade practices as defined by §§ 13-301(1), (3) and 14(iii) of the CPA in violation of § 13-303 of the CPA when ProCom misrepresented and omitted material facts to homeowners at each of the Associations they managed that homeowners delinquent in paying their assessments (i) owed late fees when the consumer’s Association’s Declaration and By-Laws did not permit the charging or collection of late charges; (ii) owed admin fees or collection costs when the consumer’s Association’s Declaration and By-Laws did not permit the charging or collection of admin fees or collection costs; (iii) owed aggregate admin fees and late fees from consumers that exceeded the consumer’s Association’s Declaration and By-Laws; (iv) owed admin fees and late fees before the consumer’s Association’s Declaration and By-Laws permitted; and (v) owed admin fees and late fees more than once per delinquent assessment. Respondents made at least one misrepresentation or omission of material fact in violation of § 13-303 of the CPA, as described above, to each homeowner in each association through the invoices, coupons, and collection letters it sent.

<b>Association Name</b>	<b>Code</b>	<b>Number of Homeowners</b>
Walden 678	67H	263
Adnell Woods	ADH	156
Amberfield	AMH	43
Annapolis Walk	AWH	176

Bluffs at Deep Creek Condominium	BLC	148
Briarleigh	BLH	110
Blue Ridge	BRH	131
Bayview Hills	BVH	258
Crofton Chase	CCH	109
Chesterfield	CDH	1,466
Chapman Farm	CFH	494
Chestnut Hill Cove	CHH	384
Covington 5 Townhouse	CKH	219
Crofton Meadow	CMH	1,442
Colony Square	COH	325
Covington Manor & Townes	CTH	375
Centennial Village	CVH	153
Cedar Woods	CWH	50
Enterprise Knolls	EKH	219
Falcon Crest Condominium	FCC	103
Glen Allen	GAH	394
Chapel Grove	GCH	412
Glen Dale Forest	GFH	68
Gentry	GNH	75
Horizon Estates	HEH	171
Hunt Meadow	HMH	394
Howard's Ridge	HRH	194
Jasons Landing	JLH	108
Knolls Section 7	K7H	84
Knolls Section 8	K8H	78
Kingsport	KPH	164
Landings at River Oaks	LRH	101
Leishear Village	LSH	348
Lake Village Manor	LVH	222
Millbrook	MBH	314
Melwood Park	MPH	320
Millrace	MRH	218
Olde Mill III Condominium	OMC	126
Oak Pond	OPH	361
Patuxent Glen	PGH	158
Piney Station	PSH	217
Saddlebrook East	SEH	187
Saddlebrook West	SKH	328
Saxony Square and Kingsley Hall	SSH	296
Symphony Village	SVH	369
Stonewood	SWH	187
Crofton Meadows TH6	T6H	53

Ternberry	TBH	154
Crofton Village Town	VTH	148
Walden 15	W5H	100
Woodbridge Crossing	WBH	182
Woodstream East	WEH	252
Waterford	WFH	191
West Courts at Piney Orchard	WPH	140
Walnut Ridge	WRH	155
Woodstream Recreation Association	WSR	497
TOTAL:		14,390

The 14,390 violations found by the Agency are likely significantly less than the actual number of times the Respondents Finley and ProCom made misrepresentations and omissions of material fact to homeowners because Respondents made these misrepresentations each year from at least 2016 through 2021. Based on these findings, the Respondents Finley and ProCom shall pay a penalty of \$719,500.00, which is a penalty of \$50.00 for each misrepresentation made to consumers.

- (e) After December 2021, Respondents Davis and ProCom committed unfair and deceptive trade practices as defined by §§ 13-301(1), (3) and 14(iii) of the CPA in violation of § 13-303 of the CPA when ProCom misrepresented or omitted material facts to homeowners at each of the Associations they managed that homeowners delinquent in paying their assessments (i) owed late fees when the consumer's Association's Declaration and By-Laws did not permit the charging or collection of late charges; (ii) owed admin fees or collection costs when the consumer's Association's Declaration and By-Laws did not permit the charging or collection of admin fees or collection costs; (iii) owed aggregate admin fees and late fees from consumers that exceeded the consumer's Association's

Declaration and By-Laws; (iv) owed admin fees and late fees before the consumer's Association's Declaration and By-Laws permitted; and (v) owed admin fees and late fees more than once per delinquent assessment. Respondents Davis and ProCom made at least one misrepresentation and/or omission of material fact in violation of § 13-303 of the CPA, as described above, to each homeowner in each association through the invoices, coupons, and collection letters it sent.

<b>Association Name</b>	<b>Code</b>	<b>Number of Homeowners</b>
Walden 678	67H	263
Adnell Woods	ADH	156
Amberfield	AMH	43
Bluffs at Deep Creek Condominium	BLC	148
Briarleigh	BLH	110
Blue Ridge	BRH	131
Bayview Hills	BVH	258
Crofton Chase	CCH	109
Chesterfield	CDH	1,466
Chapman Farm	CFH	494
Chestnut Hill Cove	CHH	384
Covington 5 Townhouse	CKH	219
Crofton Meadow	CMH	1,442
Colony Square	COH	325
Covington Manor & Townes	CTH	375
Centennial Village	CVH	153
Cedar Woods	CWH	50
Glen Allen	GAH	394
Chapel Grove	GCH	412
Glen Dale Forest	GFH	68
Gentry	GNH	75
Horizon Estates	HEH	171
Hunt Meadow	HMH	394
Howard's Ridge	HRH	194
Jasons Landing	JLH	108
Knolls Section 7	K7H	84
Knolls Section 8	K8H	78
Kingsport	KPH	164

Landings at River Oaks	LRH	101
Lake Village Manor	LVH	222
Melwood Park	MPH	320
Millrace	MRH	218
Olde Mill III Condominium	OMC	126
Piney Station	PSH	217
Stonewood	SWH	187
Crofton Meadows TH6	T6H	53
Ternberry	TBH	154
Crofton Village Town	VTH	148
Walden 15	W5H	100
Woodstream East	WEH	252
West Courts at Piney Orchard	WPH	140
Walnut Ridge	WRH	155
TOTAL:		10,661 <sup>2</sup>

The 10,661 violations found by the Agency are likely significantly less than the actual number of times the Respondents Davis and ProCom made misrepresentations and omissions of material fact to homeowners because Respondents made these misrepresentations each year from at least 2021 through 2024. Based on these findings, the Respondents Davis and ProCom shall pay a penalty of \$533,050.00, which is a penalty of \$50.00 for each misrepresentation made to consumers.

51. No later than thirty (30) days from the date of the entry of this Final Order, Respondents Finley and ProCom shall pay the Agency their pro-rata share of the penalty amounts required under paragraph 50(a) through (d) for total payments of \$839,825.00.

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<sup>2</sup> The Proponent, in its response to the Agency's request that it advise the Agency as to whether correcting the date that ProCom was transferred by Respondent Finley to Respondent Davis would impact the number of violations for which the Proponent was asking the Agency to find that Respondent Davis was liable, requested that the Agency find 10,975 violations of the CPA. However, the Agency fails to see how the 314 violations for the Millbrook community were affected by the correction of the date of transfer from December 15, 2020 to December 15, 2021 and is not including those in the total number of violations for which Respondent Davis is liable.

52. No later than thirty (30) days from the date of the entry of this Final Order, Respondents Davis, and ProCom shall pay the Agency their pro-rata share of the penalty amounts required under paragraph 50(e) for total payments of \$533,050.00.

### **COSTS**

53. Within thirty (30) days from the date of this Final Order, the Respondents shall pay the Agency One Hundred Seventy-Nine Thousand Three Hundred Twenty-Nine Dollars and Sixty Cents (\$179,329.60) for the Proponent's costs incurred investigating and prosecuting this matter. Proponent's Bill of Costs is attached as Exhibit B.

54. Within thirty (30) days from the date of this Final Order the Respondents shall pay the Agency One Hundred Thousand Dollars (\$100,000.00), which shall be used by the Agency to pay for the claims procedure provided under this Final Order. If, at any time, the costs for conducting these claims procedures provided hereunder exceed the payment required hereunder, the Agency shall direct the Respondents to deposit additional payments to cover the costs of the claims procedures.

55. Respondents shall be jointly and severally liable for all costs due under this Final Order.

### **RESOLUTION OF DISPUTES**

56. The Chief of the Agency or his or her designee shall resolve any disputes regarding this Final Order and enter any supplemental orders needed to effectuate its purpose.

### **NOTICE TO RESPONDENT**

57. Pursuant to Md. Code Ann., Com. Law § 13-403(b)(iii), the Respondents are hereby notified that if the Agency determines that they have failed to comply with this Final Order within thirty (30) days following service of this Final Order, the Consumer Protection Division may

proceed with enforcement of the Final Order pursuant to Subtitle 4 of Title 13 of the Commercial Law Article.

### APPEAL RIGHTS

58. A party aggrieved by any provision of this Final Order is entitled to judicial review of the decision as provided by § 10-222 of the State Government Article of the Annotated Code of Maryland. Generally, a petition for judicial review must be filed in an appropriate Circuit Court within thirty (30) days after the date of the order from which relief is sought. The time for filing a petition is regulated by Rule 7-203 of the Maryland Rules and the rules regulating judicial review of administrative agency decisions as set forth in Rules 7-201 to 7-210 of the Maryland Rules.

#### CONSUMER PROTECTION DIVISION OFFICE OF THE ATTORNEY GENERAL

Date: August 20, 2025

By:   
\_\_\_\_\_  
Steven M. Sakamoto-Wengel  
Executive Counsel to the Attorney General and  
Chief's Designee

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# **EXHIBIT A**

<b>CONSUMER PROTECTION DIVISION,</b>	*	<b>IN THE CONSUMER PROTECTION</b>
<b>OFFICE OF THE ATTORNEY</b>	*	<b>DIVISION</b>
<b>GENERAL,</b>	*	<b>OFFICE OF THE ATTORNEY</b>
<b>PROPONENT</b>	*	<b>GENERAL OF MARYLAND</b>
<b>v.</b>	*	
<b>PROFESSIONAL COMMUNITY</b>	*	<b>CPD CASE No.: 24-001-372271</b>
<b>MANAGEMENT, INC., ET AL.,</b>	*	<b>OAH CASE No.: OAG-CPD-04-24-02235</b>
<b>RESPONDENTS</b>	*	

\* \* \* \* \*

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

**STATEMENT OF THE CASE**

On January 11, 2024, the Consumer Protection Division (Division or CPD)<sup>1</sup> of the Office of the Attorney General issued a Statement of Charges against Professional Community Management, Inc. (ProCom), Michael S. Finley, and Scott M. Davis (collectively Respondents), alleging that they committed unfair and deceptive trade practices in violation of the Consumer Protection Act (CPA), the Maryland Consumer Debt Collection Act (MCDCA), the Maryland Homeowners Association Act (MHAA), and the Maryland Condominium Act (MCA). That same day, the Division delegated its authority to the Office of Administrative Hearings (OAH) to conduct a contested case hearing in this matter and to render proposed findings of fact and conclusions of law. On January 25, 2024, the Division transmitted the case to the OAH, which issued a Notice of Hearing that same day for a hearing to be held on May 13, 14, 15, 16, and 17, 2024. The Respondents filed a Response to Statement of Charges on February 14, 2024. On

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<sup>1</sup> The Consumer Protection Division, when acting in its capacity as the Proponent in the instant matter is referred to as the “Division” or “CPD” and when acting in its capacity as a quasi-judicial agency is referred to as the “Agency.”

March 14, 2024, with input from the parties regarding their availability, Administrative Law Judge Mary Pezzulla (ALJ) scheduled a prehearing conference to be held on April 1, 2024 in anticipation of the hearing.

On April 1, 2024, the ALJ held a remote prehearing conference (Conference) via the Webex videoconference platform (Webex). Kira Wilpone-Welborn, Assistant Attorney General (AAG), represented the Division. James E. Crossan, Esquire, participated on behalf of the Respondents. At the Conference, with the input of the parties, new hearing dates were scheduled for August 26-30 and September 10 and 11, 2024, to be held in person at the OAH in Hunt Valley.

The ALJ convened the hearing from August 26, 2024, through August 30, 2024, ending earlier than scheduled. Ms. Wilpone-Welborn appeared on behalf of the Division, as did Karen Valentine, AAG. Mr. Crossan represented the Respondents. At the conclusion of the hearing, the parties requested permission to submit written closings and memoranda of law. The ALJ ordered the written closings to be submitted on or before September 30, 2024. Additionally, the ALJ scheduled a remote hearing for October 9, 2024 for supplementary argument. The ALJ issued a Proposed Decision on December 18, 2024. Both Respondents and the Division filed Exceptions to the Proposed Decision.

### **ISSUES**

Did the Respondents' practices constitute unfair and deceptive trade practices in violation of the Maryland Consumer Protection Act and violate the Maryland Homeowners Association Act, Maryland Condominium Act, and Maryland Consumer Debt Collection Act by:

1. Engaging in the collection of a consumer claim without a license;
2. Charging delinquent customers a “collection fee” which equated to a late fee that exceeded the associations’ declarations and/or bylaws and the statutory cap under the Acts;
3. Charging and collecting late fees not authorized by the declarations and/or bylaws of some associations;
4. Charging delinquent consumers more than one late fee for the same delinquency at some associations;
5. Making false or misleading oral or written statements or other representations that have the capacity, tendency, or effect of deceiving or misleading consumers, by implying ProCom was licensed under the Maryland Collection Agency Licensing Act (MCALA) prior to January 10, 2020;<sup>2</sup>
6. Failing to state material facts, the omission of which deceived or tended to deceive consumers; and
7. Representing to consumers at Leishear Village that the consumers owed ProCom monies for legal support and copying costs and failing to state material facts to consumers at Leishear Village regarding the scope of the Division’s investigation.

### **SUMMARY OF THE EVIDENCE**<sup>3</sup>

#### Testimony

The Division presented the testimony of Michael Finley; Scott Davis; Diana McGee, CPD investigator; and Susan Rua.

The Respondents presented the testimony of Michael Finley; Scott Davis; Kenneth Grice; and Daniel Brooks.

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<sup>2</sup> The Division’s Statement of Charges listed this date as January 29, 2020. Based on the Statement of Charges, the ALJ then used the date of January 29, 2020 in her Prehearing Conference Report and Scheduling Order when identifying the issues to be decided in this matter. After additional evidence had been provided, specifically CPD Ex. 74, the correct date is January 10, 2020.

<sup>3</sup> The record in this matter is extensive. The hearing included multiple days of testimony and argument. Any citations to the record are for illustrative purposes only. The findings, analysis, and legal conclusions are based on consideration of the parties’ arguments and the credible evidence in the record. All admissible testimonial and documentary evidence was considered and given the weight it was due, regardless of whether it has been recited, cited, referenced, or expressly set forth in the Decision. *See, e.g., Mid-Atl. Power Supply Ass’n v. Md. Pub. Serv. Comm’n*, 143 Md. App. 419, 442 (2002) (emphasizing that “[t]he Commission was free to accept or reject any witness’s testimony” and “the mere failure of the Commission to mention a witness’s testimony” does not mean that the Commission “did not consider that witness’s testimony”).

## STIPULATIONS OF FACT

The parties jointly stipulated to the following facts:

1. Respondent ProCom is a Maryland corporation that was formed on or about November 1, 1990. ProCom's principal place of business is 400 Serendipity Drive, Millersville, Maryland 21108.

2. Respondent Finley, a Maryland resident, is a founder of Respondent ProCom, and was owner and president of ProCom until selling ProCom to Respondent Davis on December 15, 2021.

3. Respondent Davis is a Maryland resident, and on December 15, 2021, became the owner and president of ProCom.

4. ProCom offers, provides, and sells property management, financial, and administrative services to Maryland common-ownership community associations, including homeowner associations and condominiums (Associations).

5. The property management, financial, and administrative services ProCom offers, sells, and provides to the Associations include, but are not limited to: (a) mailing to consumers notices of regular and special assessments imposed by the Associations; (b) collecting from consumers all regular and special assessments imposed by the Associations; (c) accounting for all regular and special assessments imposed by the Associations that are paid by consumers; (d) coordinating with Association attorneys on debt collection actions against consumers who are behind on or fail to pay the regular or special assessments imposed by the Associations; (e) preparing monthly financial statements including balance sheets, income and expense statements, general ledgers, and delinquency reports for the Associations; (f) on a monthly basis, reconciling

all bank accounts of the Associations; (g) managing accounts payable for the Associations; and, (h) preparing year-end statements for audits and tax filings for the Associations.

6. ProCom provided property management, financial, and administrative services to the following Associations during the identified timeframe:

<b>Association Name</b>	<b>Code<sup>4</sup></b>	<b>Management Date Range</b>
Walden 678	67H	01/01/2016 through 01/22/2024
A.A. Colony Square	AAH	01/01/2022 through 01/22/2024
Adnell Woods	ADH	01/01/2016 through 01/22/2024
Amberfield	AMH	01/01/2016 through 01/22/2024
Annapolis Walk	AWH	01/01/2016 through 12/31/2019
Bluffs at Deep Creek	BLC	01/01/2016 through 04/30/2022
Briarleigh	BLH	01/01/2014 through 01/22/2024
Bodkin Pointe	BPH	02/01/2022 through 01/22/2024
Blue Ridge	BRH	01/01/2016 through 12/31/2019
Bayview Hills	BVH	01/01/2016 through 01/22/2024
Crofton Chase	CCH	01/01/2016 through 01/22/2024
Chesterfield	CDH	01/01/2015 through 01/22/2024
Chapman Farm	CFH	01/01/2016 through 12/31/2019
Chestnut Hill Cove	CHH	01/01/2016 through 01/22/2024
Covington Knolls	CKH	01/01/2016 through 01/22/2024
Crofton Meadows Townhouse 6	CMH	01/01/2016 through 01/22/2024

<sup>4</sup> Each association has a corresponding code in ProCom’s account history. Although the codes are listed, the Decision will refer to the association by name and not by code to help minimize confusion in the Decision. The codes are used for brevity in the Appendix.

Colony Square	COH	01/01/2016 through 12/31/2019
Collington Ridge HOA	CRH	08/01/2023 through 01/22/2024
Covington Manor and Townes	CTH	07/01/2017 through 01/22/2024
Centennial Village	CVH	01/01/2016 through 01/22/2024
Cedar Woods	CWH	01/01/2016 through 01/22/2024
Enterprise Knolls	EKH	01/01/2016 through 04/11/2018
Falcon Crest	FCC	01/01/2020 through 12/31/2020
Farmington Ridge	FVH	01/01/2021 through 01/22/2024
Fourwinds	FWH	01/01/2016 through 04/30/2022
Glen Allen	GAH	01/01/2016 through 01/22/2024
Chapel Grove	GCH	01/01/2016 through 04/30/2022
Glenn Dale Forest	GFH	01/01/2016 through 01/22/2024
Gentry	GNH	01/01/2016 through 01/22/2024
Horizon Estates	HEH	01/01/2016 through 01/22/2024
Hunt Meadows	HMH	01/01/2016 through 12/31/2019
Howard's Ridge	HRH	01/01/2016 through 01/22/2024
Jasons Landing	JLH	01/01/2016 through 01/22/2024
Crofton Village Knolls, Section 7	K7H	01/01/2016 through 01/22/2024
Crofton Village Knolls, Section 8	K8H	01/01/2016 through 01/22/2024
Kingsport	KPH	01/01/2016 through 01/22/2024
Landings at River Oaks	LRH	01/01/2016 through 04/30/2022
Leishear Village	LSH	01/01/2016 through 04/11/2018
Landcaster Townhomes	LTH	01/01/2019 through 01/22/2024

Lake Village Manor	LVH	01/01/2016 through 01/22/2024
Millbrook	MBH	01/01/2016 through 01/22/2024
Melwood Park	MPH	01/01/2016 through 12/31/2022
Millrace	MRH	01/01/2016 through 01/22/2024
Olde Mill III Condominium	OMC	01/01/2016 through 01/22/2024
Oak Pond	OPH	01/01/2016 through 04/11/2018
Patuxent Glen	PGH	01/01/2016 through 12/31/2019
Piney Station	PSH	01/01/2016 through 01/22/2024
Saddlebrook	SEH	01/01/2016 through 12/31/2020
Saddlebrook West	SKH	01/01/2012 through 12/31/2019
Saxony Square and Kingsley Hall	SSH	01/01/2016 through 04/30/2022
Symphony Village	SVH	11/01/2016 through 12/31/2019
Stonewood	SWH	01/01/2016 through 01/22/2024
Crofton Meadows Townhouse 6	T6H	01/01/2016 through 01/22/2024
Ternberry	TBH	01/01/2016 through 01/22/2024
Town Center	TCH	02/01/2020 through 12/31/2021
Crofton Village Town	VTH	01/01/2016 through 01/22/2024
Villages at Wellington	VWH	10/01/2019 through 01/22/2024
Walden 15	W5H	01/01/2016 through 01/22/2024
Woodbridge Crossing	WBH	01/01/2014 through 01/22/2024
Woodstream East	WEH	04/30/2016 through 01/22/2024
Waterford	WFH	01/01/2016 through 01/22/2024
West Courts at Piney Orchard	WPH	01/01/2016 through 01/22/2024

Walnut Ridge	WRH	01/01/2016 through 01/22/2024
Woodstream Recreation	WSR	08/31/2017 through 04/10/2018
Woodyard	WYH	10/01/2019 through 01/22/2024

7. Respondents represent to Associations that they have the extensive knowledge, training, and experience necessary to manage and advise Associations on all aspects of running the communities, including in the charging and collecting of assessments.

8. Respondents advise Associations on all aspects of running the communities, including on the Associations' charging of and collecting assessments, and the Associations' "collection policies."

9. The Associations charge assessments to consumers either on a monthly, quarterly, trimester, bi-annual, or annual basis, pursuant to the Associations' declarations and/or bylaws.

10. ProCom provides its property management, financial, and administrative services to the Associations in accordance with written property management agreements (Agreements).

11. Respondent Finley negotiated the Agreements that Respondent ProCom entered into with the Associations, during his tenure as the owner and president of ProCom.

12. Since becoming owner and president of ProCom, Respondent Davis negotiates the Agreements that Respondent ProCom enters into with the Associations.

13. The Agreements provide for fees payable to Respondent ProCom for its services by the Associations that include, but are not limited to, fees for community mailings, photocopying, and faxes; monthly management fees; and fees for additional services.

14. Respondent ProCom is to collect, on behalf of the Associations, monthly, quarterly, trimester, bi-annual, or annual assessments from consumers.

15. Under the Agreements, the Associations also authorize ProCom to collect late fees on their behalf, in accordance with the Associations' governing documents and applicable state law, when consumers are delinquent in paying their assessments.

16. Respondent ProCom exclusively maintains homeowner account histories or ledgers for Associations. The homeowner account histories include the application of assessments charges, late charges, collections costs, other fees, and payments from homeowners.

17. When homeowners have questions about their homeowner accounts histories or ledgers, including amounts owed, homeowners contact Respondent ProCom directly.

18. The assessments and other fees ProCom collects or attempts to collect from consumers are consumer debts owed to the Associations, not to Respondent ProCom.

19. ProCom is a "collector" as defined in the MCDCA because Respondent ProCom is collecting or attempting to collect an alleged debt arising out of a consumer transaction when Respondent ProCom collects or attempts to collect assessments and fees from consumers.<sup>5</sup>

20. ProCom is a "collection agency" as defined in the MCALA because Respondent ProCom is a person "engaged directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim"<sup>6</sup> when ProCom collects or attempts to collect assessments and other fees owed to the Associations from consumers.

21. In September 2019, Respondents ProCom and Finley informed Leishear Village's Board that it owed ProCom \$28,072.92 for litigation support and copying costs ProCom allegedly incurred as the result of an investigation by the Attorney General's Office.

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<sup>5</sup> See Md. Code Ann., Com. Law § 14-201(b) (Supp. 2024).

<sup>6</sup> See Md. Code Ann., Bus. Reg. § 7-101(c)(1) (2024).

## FINDINGS OF FACT<sup>7</sup>

The Agency finds the following facts by a preponderance of the evidence:

1. Before December 2021, as the founder, owner, and president of ProCom, Mr. Finley was responsible for the business activities of ProCom in the State of Maryland.
2. Mr. Finley supervised and trained ProCom employees, including in the charging and collecting of homeowner assessments.
3. Before December 2021, Mr. Finley negotiated and executed all management agreements with ProCom's Associations' clients.
4. While Mr. Finley was owner of ProCom, no one else had the authority to negotiate or execute the property management agreements with the Associations.
5. Prior to purchasing ProCom in December 2021, Mr. Davis had been employed by ProCom since April 2004, in several roles, including a community manager and an operations supervisor.
6. As owner and president of ProCom, Mr. Davis supervised and trained ProCom employees, including in the charging and collecting of homeowner assessments. He is also responsible for the business activities of ProCom in the State of Maryland.
7. The property management, financial, and administrative services ProCom offers, sells, and provides also include the collecting of consumer debt by: (a) issuing delinquency notices to consumers who are behind on or fail to pay the regular or special assessments imposed by the Associations; (b) charging to and collecting late fees from consumers who

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<sup>7</sup> At the prehearing conference, both parties requested permission to provide written proposed findings of fact at the conclusion of the hearing. The ALJ granted this request and permitted the parties to file proposed findings of fact and a memorandum of law and supporting authorities within thirty days of the conclusion of the hearing. The ALJ carefully considered the parties' submissions. To the extent that the ALJ's proposed Findings of Fact and Conclusions of Law differed from those proposed by either the Division or the Respondents, the ALJ either found the facts and conclusions to be different from those proposed by the party or disagreed as to the relevance or necessity of the findings and conclusions. Where useful, the ALJ incorporated portions of those provided proposed findings of facts.

are behind on or fail to pay the regular or special assessments imposed by the Associations; and (c) sending payment reminders and final warnings to consumers who are behind on or fail to pay the regular or special assessments imposed by the Associations.

8. The Associations consist of homeowners within the community. During ProCom's tenure as management agent, the following communities had at least the following number of homeowners:

<b>Association Name</b>	<b>Number of Homeowners</b>
Walden 678	263
Adnell Woods	156
Amberfield	43
Annapolis Walk	176
Bluffs at Deep Creek Condominium	148
Briarleigh	110
Blue Ridge	131
Bayview Hills	258
Crofton Chase	109
Chesterfield	1,466
Chapman Farm	494
Chestnut Hill Cove	384
Covington 5 Townhouse	219
Crofton Meadow	1,442
Colony Square	325
Covington Manor & Townes	375
Centennial Village	153
Cedar Woods	50
Enterprise Knolls	219
Falcon Crest Condominium	103
Glen Allen	394
Chapel Grove	412
Glen Dale Forest	68
Gentry	75
Horizon Estates	171
Hunt Meadow	394
Howard's Ridge	194
Jasons Landing	108
Knolls Section 7	84
Knolls Section 8	78

Kingsport	164
Landings at River Oaks	101
Leishear Village	348
Lake Village Manor	222
Millbrook	314
Melwood Park	320
Millrace	218
Olde Mill III Condominium	126
Oak Pond	361
Patuxent Glen	158
Piney Station	217
Saddlebrook East	187
Saddlebrook West	328
Saxony Square and Kingsley Hall	296
Symphony Village	369
Stonewood	187
Crofton Meadows Townhouse 6	53
Ternberry	154
Crofton Village Town	148
Walden 15	100
Woodbridge Crossing	182
Woodstream East	252
Waterford	191
West Courts at Piney Orchard	140
Walnut Ridge	155
Woodstream Recreation Association	497

9. ProCom has no contractual relationship with any individual homeowner but rather executes a management agreement with the Associations.

10. ProCom charges each association a monthly management fee that contains an automatic 3% annual increase.

11. In addition to its monthly management fee, ProCom also charges and collects additional amounts for its services, including costs for printing and mailing. These additional charges are outlined in the management agreements<sup>8</sup> and in an attached Addendum. The Addendum provides that the collection letters and acceleration notices

<sup>8</sup> ProCom's management agreements with the various Associations are largely the same and have similar provisions. Where any particular agreement differs in a substantive way, it will be noted.

written and sent by ProCom are “Payable by Owner,” while it lists other items as “Payable by Association.”

12. In an email dated September 30, 2022, from Mr. Davis to a member of the board at High Bridge Park Association, discussing the \$15.00 collection cost for late letters, Mr. Davis states, “Remember though, these collection costs are ultimately not paid by the association. The collection costs are applied to each delinquent owner’s accounts. When they pay, the association is reimbursed. Overall, it is a complete wash for the association.” (CPD Ex. 82, at CPD082265).

13. The management agreements provide ProCom’s scope of authority in managing the affairs of the Associations. They include a provision wherein ProCom is provided a limited power of attorney to act on behalf of the Associations; however, the management agreements explicitly provide that “the Association shall not be obligated to pay the overhead and operating expenses of ProCom’s Office.”

14. The management agreements provide that “ProCom shall provide a Management Summary Report at each regular meeting of the Board of Directors, reporting on collection status, physical condition of the grounds, current projects, transfers in ownership and other items of concern.”<sup>9</sup>

15. ProCom produces Board of Directors’ Meeting Minutes that are circulated to the Board Members identifying discussions of the Board and events related to the Associations.

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<sup>9</sup> When Mr. Finley was president of ProCom, ProCom only provided financial services to the community known as Symphony Village. As such, the Agreement between ProCom and Symphony Village provided, instead, “ProCom shall provide a Financial Summary Report five days prior to each regular meeting of the Board of Directors, reporting on collections status, bills, financial reports and other items of concerns.” (CPD Ex. 54-H).

16. The agreements further provide that “ProCom shall fulfill its responsibilities in a professional manner consistent with the provisions and intent of the governing laws of the State of Maryland and, in general, in a manner consistent with all other laws and regulations as they pertain to the operation of the Association.”

17. At all times relevant to this matter, Respondents represented themselves to the Associations and homeowners as experts in the needs and practices of homeowner associations and condominiums. Specifically, as of August 12, 2022, ProCom’s publicly facing website represents that Respondents “will be the Board’s most trusted resource. We will always provide sound guidance, present all of the options (to include the pros and cons of each), and make well-thought-out recommendations.” The website notes that “[ProCom’s] managers have the knowledge, experience, and TIME to provide individualized attention to their communities and help their boards accomplish their goal.” (CPD Ex. 71-B, at CPD082022).

18. On ProCom’s website, the Respondents represented that they were competent and provided superior management practices, as indicated by their internal trainings practices. (CPD Exs. 71-A and 71-B). While Mr. Finley was owner of ProCom, the website stated that Mr. Finley “holds weekly training sessions so that his managers can stay current on many topics from changes in the laws to the latest property maintenance techniques.” (CPD Ex. 71-A, at CPD082015). When Mr. Davis took over ownership of ProCom, the website stated that ProCom provides managers “with real support from above and below, and through an industry leading training and development program.” (CPD Ex. 71-B, at CPD082022).

19. The Respondents represent that their use of technology greatly simplifies their management practices to the benefit of the Associations. While Mr. Finley was owner of ProCom, ProCom's website provided that "ProCom utilizes TOPS 4.0, an advanced accounting-based solution for Homeowner and Condominium Association management. TOPS 4.0 dramatically increases accounting efficiency, integrates all aspects of property management and accurately tracks detailed records." (CPD Ex 71-A, at CPD082019).

20. The Respondents represent that when collecting assessments they always "[f]ollow the collection policy of each community." (CPD Ex. 71-A, at CPD082017). "We analyze and make recommendations regarding the association's collection policy. We bill and collect assessments, to include sending late notices per the association's collection policy." (CPD Ex. 71-B, at CPD082025).

21. As early as October 13, 2015, Mr. Finley and ProCom became aware that the CPD interpreted the Respondents' collection costs as late fees. ProCom continued to collect and attempt to collect those fees from consumers.

22. In June 2016, Mr. Finley attended a meeting with the CPD, members of the Leishear Village Board of Directors, and Leishear Village's attorney. The meeting concerned the charging of administrative fees or collection costs in addition to late fees. The CPD's position at that meeting was that administrative fees or collection costs were late fees under the MHAA and MCA. At that time, Mr. Finley and ProCom made no attempts to change its practices or alert its Association clients.

23. On November 2, 2018, Respondents ProCom and Finley sent a letter to all the Associations it managed regarding the CPD's investigation into ProCom. (CPD Ex. 75). In the letter, Mr. Finley wrote, "Please note that your Association's bylaws and declaration

reference costs, collection costs, and/or administrative fees separate from late fees, legal fees/attorney's fees. Your Association's collection reminder process is in accordance with your governing documents and/or collection policy." (CPD Ex. 75, at CPD082165). Mr. Finley had not reviewed each association's Declaration and Bylaws prior to sending this letter. The letter does not recommend that the Associations consult an attorney.

24. On April 12, 2019, Respondents Finley and ProCom again sent a letter to all the Associations it manages regarding collection costs and late fees. (Resp. Ex. 21). The letter informs the Associations that the Attorney General's Office has identified the collection cost as a late fee. The letter "recommends that community associations continue to issue collection letters (with the attendant collection cost) but forgo the late fee." The letter does not recommend that the Associations consult an attorney, but notes that "ProCom will follow the Board's direction and implement the community's collection policy as directed, in any case." (Resp. Ex. 21).

25. On February 23, 2024, Respondents Davis and ProCom sent another letter to approximately thirteen of the Associations it manages. (Resp. Ex. 22). The letter indicates that "the association's collection policy may be in violation of the Maryland HOA Act" but does not instruct the Associations to contact an attorney, although it does note that "[b]oth ProCom and the Association have a duty to abide by the law." (Resp. Ex. 22).

26. The Respondents have, on at least one occasion, been informed by counsel for one of its Associations that their practices of charging and collecting administrative fees, collections costs, and late fees are not permitted by the Associations' governing documents. In November 2021, Justin Cameron, an attorney with Cameron Mericle, P.A., the collection firm for the Saxony Square community, wrote to ProCom that the \$12.00

collection costs “are unable to be collected as the governing documents do not allow for these amounts to be charged.” (CPD Ex. 92, at CPD082297-98). Mr. Cameron further responded via email that “I actually have a few big litigation issues surrounding management companies charging ‘collection fees’ to owner accounts. . . . To charge the collection costs directly could invite liability issues for everyone.” (CPD Ex. 92, at CPD082297). The Respondents continued to charge collection costs to homeowners at Saxony Square and its other Associations.

#### Respondents’ Practices Regarding Collection of Assessments

27. Among their duties regarding Associations’ assessments, the Respondents were to draft and issue assessment payment coupons, invoices, or letters to homeowners; collect and account for all regular and special assessments; draft and send delinquency notices and assess late fees; follow the Associations’ collection policies, including by sending a collection letter; and coordinate with Associations’ attorneys.

28. The Associations’ governing documents include the Articles of Incorporation, the Declaration of Covenants, Conditions, and Restrictions (Declaration), the Bylaws, and Policy Resolutions from the Board of Directors. The Associations’ governing documents are in a hierarchy with the Declaration superseding the Bylaws and Policy Resolutions. Policy Resolutions from the Board of Directors cannot conflict with the provisions of the Declaration and Bylaws.

29. To fulfill its obligations of collecting assessments, Respondents draft and send assessment coupons, invoices, and/or letters to homeowners setting out the amount of the assessment owed, the due date, and the amount due if payment is delinquent.

30. The coupons, invoices, and letters sent to homeowners state the amount due if payment is delinquent and often include both collection costs and late fees combined. The homeowners cannot always know the breakdown of the fees in the assessment because the coupons, invoices, or letters only list a total amount.

31. When homeowners have questions regarding their assessments and any penalty for delinquent payments, they contact ProCom for answers.

32. The Respondents create, develop, and control the homeowner account histories. Only the Respondents can add to or remove charges and payments from the homeowner account histories.

33. ProCom charges \$12.00 or \$15.00 for sending a collection notice described variously as a “collection cost” or “administrative fee.”<sup>10</sup> The Respondents have charged the collection cost since ProCom began operating in 1990.

34. Homeowners are only charged the collection cost when they are delinquent in paying the assessment. Homeowners are automatically charged the fee immediately on the morning after the expiration of the grace period. For example, if the assessment is due the first of the month and the association governing documents indicate late fees apply after 15-days delinquent, ProCom applies the following charges to the homeowners’ account: (1) the assessment on the first; (2) late charges on the 16th; and (3) a collection cost on the 16th.

35. After a homeowner pays the delinquent amounts, including the assessment, the collection cost, and the late fee, that entire amount is deposited in the association’s bank account. Prior to this point, ProCom withdraws the collection cost from the association’s

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<sup>10</sup> The terms “collection cost,” “administrative fee,” and “admin fee” are used interchangeably and all reference this \$12.00 or \$15.00 fee charged by ProCom for sending late or delinquent notice letters to homeowners.

bank account and deposits those amounts in its bank account, creating a pass-through effect.

36. The Respondents do not require their employees to document their time when preparing and sending collection letters. The Respondents have never quantified or calculated their actual cost of sending collection letters.

37. ProCom allocates homeowner payments to collection costs first and to assessments last. The homeowner always carries an assessment balance if a partial payment is made. As such, homeowners cannot refuse to pay the collection cost.

38. In addition to collection costs, the Respondents also apply late fees to homeowners' accounts whenever the homeowner is delinquent in paying the assessments. Like the collection cost, the late fee is only charged to homeowners delinquent in paying their assessment. Homeowners are charged the late fee immediately on the morning after the expiration of the grace period. For example, if the assessment is due the first of the month and the association governing documents indicate late fees apply after 15-days delinquent, ProCom applies the following charges to the homeowners' account: (1) the assessment on the first; (2) late charges on the 16th; and (3) a collection cost on the 16th.

39. On numerous occasions, board members, homeowners, and ProCom employees do not differentiate or distinguish between a late fee and a collection cost:

- In an email from a homeowner to Juli Bell, a ProCom employee, the homeowner wrote, “[W]e had no idea we were getting charged late fees over the past year. I am concerned that there was no timely notification that we were being charged late fees repeatedly in 2022 though.” (CPD Ex. 91, at CPD082292). The late fees the homeowner is referring to appear to be a combination of a late fee and collection costs. Ms. Bell also refers to the combination of fees as “late fees” when she wrote to Mr. Davis, “A T6H owner is requesting to waive all the late fees received in 2022. I just ran the info from Cinc and there are nine of them. Can we waive that many late fees? This guy had a minimal balance and got hit with collection costs.” (CPD Ex. 91, at CPD082292).

- In an email from the Board of Directors to Lisa Muehlheim, a ProCom employee, the Board members wrote: “I received my coupon book for the assessment payments today and notice that there is a \$30 fee for late payments. This fee seems excessive, it is almost equivalent to the late fee assessed on my mortgage payment.” (CPD Ex. 84, at CPD082279). The “fee for late payments” referred to in this email is a combination of a \$15.00 late fee and a \$15.00 collection cost.
- In an email from Mr. Davis to Erinn Robinson, a ProCom employee, Mr. Davis wrote, “Speaking of HMMH get with me at some point (no rush – just make sure it’s on your action list) on the next steps with their collection policy. Now that they’ve agreed to get rid of their late fee, we’ll have Valerie prepare a collection policy which only references one penalty—a collection cost. *Only question is what we decide to call it.*” (CPD Ex. 85, at CPD082280) (emphasis added).

#### Representations Made in Invoices, Coupons, and Letters Sent to Homeowners

40. In 2017 and 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Walden 678 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 in fees. (CPD Ex. 4-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Walden 678 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. Each year, at least two hundred sixty-three homeowners at Walden 678 received these coupons and letters. (CPD Ex. 4-A).

41. In 2016 and 2018, invoices written by ProCom and sent to homeowners at Adnell Woods stated that homeowners delinquent in paying their assessments owed a \$40.00 late fee and a \$12.00 collection cost. (CPD Ex. 6-H). From 2020 to 2022, invoices written by ProCom and sent to homeowners at Adnell Woods stated that homeowners delinquent in paying their assessments owed a \$12.00 collection cost, plus 18% interest. (CPD Ex. 6-H). Each year, at least one hundred fifty-five homeowners at Adnell Woods received these invoices and letters. (CPD Ex. 6-A).

42. In 2017 and 2019 through 2023, coupons drafted by ProCom and sent to homeowners at Amberfield stated that homeowners delinquent in paying their assessments owed an additional \$12.00 in fees. (CPD Ex. 7-I). In 2024, letters written by ProCom and sent to homeowners at Amberfield stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 7-I). Each year, at least forty-three homeowners at Amberfield received these coupons and letters. (CPD Ex. 7-A).

43. In 2019, invoices written by ProCom and sent to homeowners at Annapolis Walk stated that homeowners delinquent in paying their assessments owed a \$20.00 late fee. (CPD Ex. 8-G). In 2019, at least one hundred seventy-six homeowners at Annapolis Walk received this coupon. (CPD Ex. 8-A).

44. In 2017, coupons drafted by ProCom and sent to homeowners at Bluffs at Deep Creek stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 9-G). From 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Bluffs at Deep Creek stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 9-G). From 2021 through 2022, coupons drafted by ProCom and sent to homeowners at Bluffs at Deep Creek stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 9-G). In 2023 and 2024, letters written by ProCom and sent to homeowners at Bluffs at Deep Creek stated that homeowners delinquent in paying their assessments owed a \$12.00 penalty. (CPD Ex. 9-G). Each year, at least one hundred forty-eight homeowners at Bluffs at Deep Creek received these coupons and letters. (CPD Ex. 10-A).

45. In 2017 and 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Briarleigh stated that homeowners delinquent in paying their assessments

owed an additional \$12.00 fee. (CPD Ex. 10-H). Each year, at least one hundred ten homeowners at Briarleigh received these coupons. (CPA Ex. 10-A).

46. In 2024, letters written by ProCom and sent to homeowners at Bodkin Pointe stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 11-E).

47. In 2017 and 2019 through 2024, coupons drafted by ProCom and sent to homeowners at Blue Ridge at Crofton Meadows Townhouse 6 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 12-F). Each year, at least one hundred thirty-one homeowners at Blue Ridge at Crofton Meadows Townhouse 6 received these coupons. (CPD Ex. 12-A).

48. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Bayview Hills stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 13-I). In 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Bayview Hills stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 13-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Bayview Hills stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 13-I). Each year at least two hundred fifty-eight homeowners at Bayview Hills received these coupons and letters. (CPD Ex. 13-A).

49. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Crofton Chase stated that homeowners delinquent in paying their assessments owed an additional \$22.00 fee. (CPD Ex. 14-I). In 2020 through 2023, coupons drafted by ProCom and sent to homeowners at Crofton Chase stated that homeowners delinquent in paying

their assessments owed an additional \$12.00 fee. (CPD Ex. 14-I). In 2024, letters written by ProCom and sent to homeowners at Crofton Chase stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 14-I). Each year, at least one hundred nine homeowners at Crofton Chase received these coupons and letters. (CPD Ex. 14-A).

50. In 2017 and in 2019 through 2022, invoices written by ProCom and sent to homeowners at Chesterfield stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 15-I). In 2024, invoices drafted by ProCom and sent to homeowners at Chesterfield stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 15-I). Each year, one thousand four hundred sixty-six homeowners at Chesterfield received these invoices. (CPD Ex. 15-A).

51. In 2017 and in 2019 through 2020, invoices written by ProCom and sent to homeowners at Chapman Farm stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 16-H). In 2021 and 2022, invoices written by ProCom and sent to homeowners at Chapman Farm stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 16-H). In 2024, letters written by ProCom and sent to homeowners at Chapman Farm stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 16-H). Each year, four hundred ninety-four homeowners at Chapman Farm received these invoices and letters. (CPD Ex. 16-A).

52. In 2017, coupons drafted by ProCom and sent to homeowners at Chestnut Hill Cove stated that homeowners delinquent in paying their assessments owed an additional \$37.00 fee. (CPD Ex. 17-I). In 2019, invoices written by ProCom and sent to

homeowners at Chestnut Hill Cove stated that homeowners delinquent in paying their assessments owed an additional \$37.00 fee. (CPD Ex. 17-I). From 2020 to 2022, invoices written by ProCom and sent to homeowners at Chestnut Hill Cove stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 17-I). In 2024, coupons drafted by ProCom and sent to homeowners at Chestnut Hill Cove stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 17-I). Each year, three hundred eighty-four homeowners at Chestnut Hill Cove received these coupons and invoices. (CPD Ex. 17-A).

53. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Covington 5 Townhouse stated that homeowners delinquent in paying their assessments owed an additional \$14.25 fee. (CPD Ex. 18-I). In 2020 through 2024, coupons drafted by ProCom and sent to homeowners at Covington 5 Townhouse stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 18-I). Each year, two hundred nineteen homeowners at Covington 5 Townhouse received these coupons. (CPD Ex. 18-A).

54. In 2017 and 2019 through 2022, invoices written by ProCom and sent to homeowners at Crofton Meadow stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 19-H). In 2024, coupons drafted by ProCom and sent to homeowners at Crofton Meadow stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 19-H). Each year, at least one thousand four hundred forty-two homeowners at Crofton Meadow received these invoices and coupons. (CPD Ex. 19-A).

55. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Colony Square stated that homeowners delinquent in paying their assessments owed an additional \$30.00 fee. (CPD Ex. 20-H). In 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Colony Square stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 20H). In 2023 and 2024, letters written by ProCom and sent to homeowners at Colony Square stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 20H). Each year, at least three hundred twenty-five homeowners at Colony Square received these letters.

56. In 2024, letters written by ProCom and sent to homeowners at Collington Ridge stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 21-E).

57. In 2019, coupons drafted by ProCom and sent to homeowners at Covington Manor and the Townes at Covington stated that homeowners delinquent in paying their assessments owed an additional \$30.00 fee. (CPD Ex. 22-I). In 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Covington Manor and the Townes at Covington stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 22-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Covington Manor and the Townes at Covington stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 22-I). Each year, at least three hundred seventy-five homeowners at Covington Manor and the Townes of Covington received these coupons and letters. (CPD Ex. 22-A).

58. In 2017 and 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Centennial Village stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 23-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Centennial Village stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 23-I). Each year, at least one hundred fifty-three homeowners at Centennial Village received these coupons and letters. (CPD Ex. 23-A).

59. In 2017, coupons drafted by ProCom and sent to homeowners at Cedar Woods stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 24-I). In 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Cedar Woods stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 24-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Cedar Woods stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 24-I). Each year, at least fifty homeowners at Cedar Woods received these coupons and letters. (CPD Ex. 24-A).

60. In 2017, coupons drafted by ProCom and sent to homeowners at Enterprise Knolls stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 25-E). Each year, at least two hundred and nineteen homeowners at Enterprise Knolls received these coupons. (CPD Ex. 25-A).

61. In 2017, coupons drafted by ProCom and sent to homeowners at Falcon Crest stated that homeowners delinquent in paying their assessments owed an additional \$10.00 fee. (CPD Ex. 26-F). In 2020, coupons drafted by ProCom and sent to homeowners at

Falcon Crest stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 26-F). Each year, at least one hundred three homeowners at Falcon Crest received these coupons. (CPD Ex. 26-A).

62. In 2021 through 2024, coupons drafted by ProCom and sent to homeowners at Farmington Village stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 27-F).

63. In 2017, invoices written by ProCom and sent to homeowners at Glen Allen stated that homeowners delinquent in paying their assessments owed an additional \$29.50 fee. (CPD Ex. 29-H). In 2019, invoices written by ProCom and sent to homeowners at Glen Allen stated that homeowners delinquent in paying their assessments owed an additional \$31.25 fee. (CPD Ex. 29-H). In 2020 through 2022 and 2024, coupons drafted by ProCom and sent to homeowners at Glen Allen stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 29-H). Each year, at least three hundred ninety-four homeowners received these invoices and letters. (CPD Ex. 29-A).

64. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Chapel Grove stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 30-I). In 2021 and 2022, coupons drafted by ProCom and sent to homeowners at Chapel Grove stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 30-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Chapel Grove stated that homeowners delinquent in paying their assessments owed an additional \$12.00

penalty. (CPD Ex. 30-I). Each year, at least four hundred and twelve homeowners at Chapel Grove received these coupons and letters. (CPD Ex. 30-A).

65. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Glen Dale Forest stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 31-I). In 2021, 2022, and 2023, coupons drafted by ProCom and sent to homeowners at Glen Dale Forest stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 31-I). In 2024, letters written by ProCom and sent to homeowners at Glen Dale Forest stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 31-I). Each year, at least sixty-eight homeowners at Glen Dale Forest received these coupons and letters. (CPD Ex. 31-A).

66. In 2017, coupons drafted by ProCom and sent to homeowners at Gentry stated that homeowners delinquent in paying their assessments owed an additional \$20.20 fee. (CPD Ex. 32-I). In 2019, coupons drafted by ProCom and sent to homeowners at Gentry stated that homeowners delinquent in paying their assessments owed an additional \$20.70 fee. (CPD Ex. 32-I). In 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Gentry stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 32-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Gentry stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 32-I). Each year, at least seventy-five homeowners at Gentry received these coupons and letters. (CPD Ex. 32-A).

67. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Horizon Estates stated that homeowners delinquent in paying their

assessments owed an additional \$27.00 fee. (CPD Ex. 33-I). In 2021 through 2023, coupons drafted by ProCom and sent to homeowners at Horizon Estates stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 33-I). In 2024, letters written by ProCom and sent to homeowners at Horizon Estates stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 33-I). Each year, at least one hundred seventy-one homeowners at Horizon Estates received these coupons and letters. (CPD Ex. 33-A).

68. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Hunt Meadows stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 34-H). In 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Hunt Meadows stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 34-H). In 2023 and 2024, letters written by ProCom and sent to homeowners at Hunt Meadows stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 34H). From 2017 through 2019, at least three hundred ninety-four homeowners at Hunt Meadows received these coupons. (CPD Ex. 34-A).

69. In 2017 through 2024, coupons drafted by ProCom and sent to homeowners at Howard's Ridge stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 35-I). Each year, at least one hundred ninety-four homeowners at Howard's Ridge received these coupons. (CPD Ex. 35-A).

70. In 2017 and in 2019 through 2023, coupons drafted by ProCom and sent to homeowners at Jason's Landing stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 36-I). In 2024, letters written by

ProCom and sent to homeowners at Jason's Landing stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 36-I). Each year, at least one hundred eight homeowners at Jason's Landing received these coupons and letters. (CPD Ex. 36-A).

71. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Crofton Village Knolls Section 7 stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 37-I). In 2020 through 2024, coupons drafted by ProCom and sent to homeowners at Crofton Village Knolls Section 7 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 37-I). Each year, at least eighty-four homeowners at Crofton Village Knolls Section 7 received these coupons. (CPD Ex. 37-A).

72. In 2017 and in 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Crofton Village Knolls Section 8 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 38-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Crofton Village Knolls Section 8 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 38-I). Each year, at least seventy-eight homeowners at Crofton Village Knolls Section 8 received these coupons. (CPD Ex. 38-A).

73. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Kingsport stated that homeowners delinquent in paying their assessments owed an additional \$53.76 fee. (CPD Ex. 39-J). In 2021 through 2022, coupons drafted by ProCom and sent to homeowners at Kingsport stated that homeowners delinquent in paying their assessments owed an additional \$55.00 fee. (CPD Ex. 39-J). In 2023,

coupons drafted by ProCom and sent to homeowners at Kingsport stated that homeowners delinquent in paying their assessments owed an additional \$59.50 fee. (CPD Ex. 39-J). Each year at least one hundred sixty-four homeowners at Kingsport received these coupons. (CPD Ex. 39-A).

74. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at The Landings at River Oaks stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 40-H). In 2021 and 2022, coupons drafted by ProCom and sent to homeowners at The Landings at River Oaks stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 40-H). In 2023 and 2024, letters written by ProCom and sent to homeowners at The Landings at River Oaks stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 40-H). Each year, at least one hundred one homeowners at The Landings at River Oaks received these coupons and letters. (CPD Ex. 40-A).

75. In 2017, coupons drafted by ProCom and sent to homeowners at Leishear Village stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 41-F). In 2017, at least three hundred forty-eight homeowners at Leishear Village received this coupon. (CPD E. 41-A).

76. In 2019 through 2023, coupons drafted by ProCom and sent to homeowners at Lancaster Townhomes stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 42-F). In 2024, letters written by ProCom and sent to homeowners at Lancaster Townhomes stated that homeowners delinquent in paying their assessments owed an additional \$15.00 penalty. (CPD Ex. 42-F).

77. In 2017 and in 2019 through 2022, invoices written by ProCom and sent to homeowners at Lake Village Manor stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 43-I). In 2024, coupons drafted by ProCom and sent to homeowners at Lake Village Manor stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 43-I). Each year, two hundred twenty-two homeowners at Lake Village Manor received these invoices and coupons. (CPD Ex. 43-A).

78. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Millbrook stated that homeowners delinquent in paying their assessments owed an additional \$25.00 fee. (CPD Ex. 44-I). In 2021 through 2024, coupons drafted by ProCom and sent to homeowners at Millbrook stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 44-I). Each year, at least three hundred fourteen homeowners at Millbrook received these coupons. (CPD Ex. 44-A).

79. In 2017 and in 2019 through 2021, coupons drafted by ProCom and sent to homeowners at Melwood Park stated that homeowners delinquent in paying their assessments owed up to an additional \$27.00 fee. (CPD Ex. 45-I). In 2022, coupons drafted by ProCom and sent to homeowners at Melwood Park stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 45-I). Each year, at least three hundred and twenty homeowners at Melwood Park received these coupons. (CPD Ex. 45-A).

80. In 2017, coupons drafted by ProCom and sent to homeowners at Millrace stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee.

(CPD Ex. 46-H). From 2019 through 2022, invoices written by ProCom and sent to homeowners at Millrace stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 46-H). In 2024, coupons drafted by ProCom and sent to homeowners at Millrace stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 46-H). Each year, two hundred eighteen homeowners at Millrace received these coupons and invoices. (CPD Ex. 46-A).

81. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Olde Mill III Condominium stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 47-H). From 2020 through 2023, coupons drafted by ProCom and sent to homeowners at Olde Mill III Condominium stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 47-H). In 2024, letters written by ProCom and sent to homeowners at Olde Mill III Condominium stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 47-H). Each year, at least one hundred twenty-six homeowners at Olde Mill III Condominium received these coupons and letters. (CPD Ex. 47-A).

82. In 2017, coupons drafted by ProCom and sent to homeowners at Oak Pond stated that homeowners delinquent in paying their assessments owed an additional \$22.00 fee. (CPD Ex. 48-F). In 2017, at least three hundred sixty-one homeowners at Oak Pond received this coupon. (CPD Ex. 48-A).

83. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Patuxent Glen stated that homeowners delinquent in paying their assessments owed an

additional \$27.00 fee. (CPD Ex. 49-G). From 2017 through 2019, at least one hundred fifty-eight homeowners at Patuxent Glen received these coupons. (CPD Ex. 49-A).

84. In 2017 and in 2019 through 2022, coupons drafted by ProCom and sent to homeowners at The Piney Station at Piney Orchard stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 50-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at The Piney Station at Piney Orchard stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 50-I). Each year, at least two hundred seventeen homeowners at The Piney Station at Piney Orchard received these coupons. (CPD Ex. 50-A).

85. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Saddlebrook East stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 51-I). Each year, at least one hundred eighty-seven homeowners at Saddlebrook East received these coupons. (CPD Ex. 51-A).

86. In 2017, coupons drafted by ProCom and sent to homeowners at Saddlebrook West stated that homeowners delinquent in paying their assessments owed an additional \$22.00 fee. (CPD Ex. 52-G). In 2017, at least three hundred twenty-eight homeowners at Saddlebrook West received this coupon. (CPD Ex. 52-A).

87. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Saxony Square and Kingsley Hall stated that homeowners delinquent in paying their assessments owed an additional \$27.00 fee. (CPD Ex. 53-H). In 2017 and 2019, at least two hundred ninety-six homeowners at Saxony Square and Kingsley Hall received these coupons each year. (CPD Ex. 53-A).

88. In 2017, coupons drafted by ProCom and sent to homeowners at Symphony Village at Centerville stated that homeowners delinquent in paying their assessments owed an additional \$40.00 in fees. (CPD Ex. 54-G.) In 2017, at least three hundred sixty-nine homeowners at Symphony Village at Centerville received this coupon. (CPD Ex. 54-A.)

89. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Stonewood stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 55-I). From 2020 through 2023, coupons drafted by ProCom and sent to homeowners at Stonewood stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 55-I). In 2024, letters written by ProCom and sent to homeowners at Stonewood stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 55-I). Each year, at least one hundred eighty-seven homeowners at Stonewood received these coupons and letters. (CPD Ex. 55-A).

90. In 2017 and 2019, coupons drafted by ProCom and sent to homeowners at Crofton Meadows Townhouse 6 stated that homeowners delinquent in paying their assessments owed an additional \$22.00 fee. (CPD Ex. 56-J). From 2020 through 2022, coupons drafted by ProCom and sent to homeowners at Crofton Meadows Townhouse 6 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 56-J). In 2023 and 2024, letters written by ProCom and sent to homeowners at Crofton Meadows Townhouse 6 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 56-J). Each year, at least fifty-three homeowners at Crofton Meadows Townhouse 6 received these coupons and letters. (CPD Ex. 56-A).

91. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Ternberry stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 57-I). From 2021 through 2024, coupons drafted by ProCom and sent to homeowners at Ternberry stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 57-I). Each year, at least one hundred fifty-four homeowners at Ternberry received these coupons. (CPD Ex. 57-A).

92. In 2020, coupons drafted by ProCom and sent to homeowners at Town Center stated that homeowners delinquent in paying their assessments owed an additional \$30.00 fee. (CPD Ex. 58-E). In 2021, coupons drafted by ProCom and sent to homeowners at Town Center stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 58-E).

93. In 2017 and in 2019 through 2020, coupons drafted by ProCom and sent to homeowners at Crofton Village Town stated that homeowners delinquent in paying their assessments owed an additional \$17.00 fee. (CPD Ex. 59-I). From 2021 through 2023, coupons drafted by ProCom and sent to homeowners at Crofton Village Town stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 59-I). In 2024, letters written by ProCom and sent to homeowners at Crofton Village Town stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 59-I). Each year, at least one hundred forty-eight homeowners at Crofton Village Town received these coupons and letters. (CPD Ex. 59-A).

94. From 2020 through 2022, invoices written by ProCom and sent to homeowners at the Villages at Wellington stated that homeowners delinquent in paying their assessments

owed an additional \$30.00 fee. (CPD Ex. 60-F). In 2024, coupons drafted by ProCom and sent to homeowners at the Villages at Wellington stated that homeowners delinquent in paying their assessments owed an additional \$30.00 fee. (CPD Ex. 60-F).

95. In 2017 and in 2019 through 2022, coupons drafted by ProCom and sent to homeowners at Walden 15 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 61-H). In 2023 and 2024, letters written by ProCom and sent to homeowners at Walden 15 stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 61-H). Each year, at least one hundred homeowners at Walden 15 received these coupons and letters. (CPD Ex. 61-A).

96. In 2017, coupons drafted by ProCom and sent to homeowners at Woodbridge Crossing stated that homeowners delinquent in paying their assessments owed an additional \$34.00 fee. (CPD Ex. 62-I). In 2017, at least one hundred eighty-two homeowners at Woodbridge Crossing received this coupon. (CPD Ex. 62-A).

97. In 2017, coupons drafted by ProCom and sent to homeowners at Woodstream East stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 63-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at Woodstream East stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD 63-I). Each year, at least two hundred fifty-two homeowners at Woodstream East received these coupons and letters. (CPD Ex. 63-A).

98. In 2019, invoices written by ProCom and sent to homeowners at Waterford stated that homeowners delinquent in paying their assessments owed a 10% late fee and an

additional \$12 penalty. (CPD Ex. 64-G). In 2019, at least one hundred ninety-one homeowners at Waterford received this coupon. (CPD Ex. 64-A).

99. In 2017 and in 2019 through 2022, coupons drafted by ProCom and sent to homeowners at The West Courts at Piney Orchard stated that homeowners delinquent in paying their assessments owed an additional \$12.00 fee. (CPD Ex. 65-I). In 2023 and 2024, letters written by ProCom and sent to homeowners at The West Courts at Piney Orchard stated that homeowners delinquent in paying their assessments owed an additional \$12.00 penalty. (CPD Ex. 65-I). Each year, at least one hundred forty homeowners at The West Courts at Piney Orchard received these coupons and letters. (CPD Ex. 65-A).

100. In 2017 and in 2019 through 2024, coupons drafted by ProCom and sent to homeowners at Walnut Ridge stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 66-I). Each year, at least one hundred fifty-five homeowners at Walnut Ridge received these coupons. (CPD Ex. 66-A).

101. In 2017, coupons drafted by ProCom and sent to homeowners at Woodstream Recreation stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 67-F). In 2017, at least four hundred ninety-seven homeowners at Woodstream Recreation received this coupon. (CPD Ex. 67-A).

102. From 2020 through 2024, coupons drafted by ProCom and sent to homeowners at The Woodyard stated that homeowners delinquent in paying their assessments owed an additional \$15.00 fee. (CPD Ex. 68-F).

## Respondents' Charging of Late Fees and Collection Costs to Associations

### Walden 678

103. Homeowners at the Walden 678 were charged assessments quarterly on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 = \$132.00
- 2017 = \$142.00
- 2018 = \$142.00
- 2019 = \$156.00
- 2020 = \$171.00
- 2021 = \$179.00
- 2022 = \$196.00
- 2023 = \$215.00
- 2024 = \$250.00

104. Walden 678 homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 17, March 16, May 17, June 16, August 16, September 16, October 16, and December 16
2017	February 16, March 16, May 16, June 16, August 16, September 18, November 16, and December 18
2018	February 16, March 16, May 16, June 16, August 16, September 18, November 16, and December 18
2019	February 17, March 18, May 16, June 18, August 16, September 17, November 18, and December 17
2020	February 18, March 17, May 18, June 16, August 18, September 16, November 17, and December 17
2021	February 17, March 16, May 18, June 16, August 17, September 16, November 16, and December 17
2022	February 16, March 16, August 16, September 16, November 16, and December 16
2023	February 16, March 16, May 16, June 16, August 16, September 16, November 16, and December 16

105. Walden 678's Second Amendment of the Declaration of Restrictive Covenants provides, "Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum." (CPD Ex. 4-C, at

CPD000041). Walden 678’s Bylaws provides that “the Board of Directors shall have power: . . . to establish, levy and assess, and collect the assessments or charges as more fully set forth in the Declaration.” (CPD Ex. 4-D, at CPD000054). The Bylaws are otherwise silent on the consequences of delinquent assessments.

106. Walden 678’s Declaration and Bylaws only permit delinquent homeowners to be charged pre-judgment interest in the amount of 6% per annum. (CPD Exs. 4-C, at CPD000041 and 4-D, at CPD000054). As such, all fees charged to delinquent homeowners at Walden 678 were impermissible pursuant to the association’s governing documents.

107. From 2016 through March of 2018, at least one hundred homeowners at Walden 678 were charged a total of \$3,336.00 in collection costs not permitted by the association’s governing documents.

108. Walden 678 homeowners delinquent in paying their assessments were also charged fees more than once for each delinquent assessment payment. Homeowners delinquent in paying their quarterly assessments were charged a second collection cost for the same delinquency as follows:

2016	March 16, June 16, September 16, and December 16
2017	March 16, June 16, September 18, and December 18
2018	March 16, June 18, September 18, and December 18
2019	March 18, June 18, September 17, and December 17
2020	March 17, June 16, September 16, and December 16
2021	March 16, June 16, September 16, and December 17
2022	March 16, September 16, and December 16
2023	March 16, June 16, September 16, and December 16

Adnell Woods

109. Homeowners at the community of Adnell Woods were charged annual assessments on January 1 of each year. Homeowners’ annual assessments were as follows:

- 2016 through 2021 = \$400.00
- 2022 through 2024 = \$410.00

110. Adnell Woods’s homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1 and March 16
2017	February 2
2018	February 2
2019	February 1
2020	February 3
2022	February 1
2023	February 1 and March 23

111. Adnell Woods’s homeowners delinquent in paying their assessments were also charged a \$40.00 late fee at the beginning of February following a missed annual assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1
2017	February 2
2018	February 2
2019	February 1

112. In 2016, Adnell Woods’s homeowners delinquent in paying their assessments were charged \$64.00 in fees (\$24.00 in collection costs and a \$40.00 late fee). From 2017 through 2022, Adnell Woods’s homeowners delinquent in paying their assessments were charged \$52.00 in fees (a \$12.00 collection cost and a \$40.00 late fee). In 2023, Adnell Woods’s homeowners delinquent in paying their assessment were again charged \$64.00 in fees (\$24.00 in collection costs and a \$40.00 late fee).

113. Adnell Woods’s Declaration of Covenants Conditions and Restrictions’ Article V, Section 7 provides that:

Any assessment, including any assessment of cost pursuant to Article X, Section 3 hereof, which is not paid when due shall be delinquent. If such Assessment is not paid within thirty (30) days after the due date, the association may impose a reasonable late charge and the assessment shall bear interest at the rate of 18% per annum from the date of delinquency or at the highest legal rate of interest then allowable by law for consumer debt, whichever shall be greater.

(CPD Ex. 6-C, at CPD001721).

114. Article VIII of Adnell Woods's Bylaws provides that:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. If the assessment is not paid on the due date, the assessment is considered delinquent. If the assessment is not paid within fifteen (15) days of the due date, it shall bear interest from the date of delinquency at the rate of Eighteen percent (18%) per annum . . . .

(CPD Ex. 6-D, at CPD001756). Article XVI of the Bylaws further provides that the "Bylaws are subordinate and subject to all provisions of the Declaration." (CPD Ex. 6-D, at CPD001757).

115. The Adnell Woods's Declaration permits delinquent homeowners to be charged a reasonable late fee that cannot exceed "\$15 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater." (CPD Ex. 6-C, citing MHAA § 11B-112.1). While the Bylaws permit charging interest on delinquent assessments, Article XVI clearly states that the Declaration's provision controls. (CPD Ex. 6-D).

116. From 2016 through 2021, the maximum fee homeowners delinquent in paying their assessments could be charged was \$40.00 (10% of the \$400.00 assessment); from 2022 through 2024, the maximum fee homeowners delinquent in paying their assessment could be charged was \$41.00 (10% of the \$410.00 assessment).

117. From 2016 through March 2018, at least sixty-two Adnell Woods’s homeowners delinquent in paying their assessment were charged a total of \$1,548.00 in fees that exceed the \$40.00 maximum fee permitted by the Declaration and MHAA.

118. Adnell Woods’s homeowners delinquent in paying their assessments were also charged fees more than once for each delinquent assessment payment. In 2016, homeowners delinquent in paying their January assessment were charged a second fee on March 16th. (CPD Exs. 6-A, 6-E, and 6-F). In 2023, homeowners delinquent in paying their January assessment were charged a second fee on March 23rd. (CPD Exs. 6-A and 6-G).

Amberfield

119. Homeowners in the community commonly known as Amberfield were charged assessments on the first day of each month. Homeowners’ monthly assessments were as follows:

- 2016 = \$99.00
- 2017 = \$99.00
- 2018 = \$102.00
- 2019 = \$107.00
- 2020 = \$117.00
- 2021 = \$117.00 (January – February) and \$130.00 (March – December)
- 2022 = \$134.00
- 2023 = \$144.00
- 2024 = \$157.00

120. Amberfield homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 17, November 16, and December 18

2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 17, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, and November 16
2024	January 16

121. Amberfield’s Declaration of Covenants, Conditions, and Restrictions Section 4.08 provides that:

(a) . . . If any Owner fails to pay any part of any Assessment within thirty (30) days after the due date . . . the unpaid assessment shall be deemed “Delinquent,” and the Owner shall be deemed “Delinquent” in the payment of that amount. (b) . . . Any Delinquent amount shall automatically bear interest at the rate of 12% per annum.

(CPD Ex. 7-C, at CPD002237).

122. Amberfield’s Bylaws are silent on the consequences for the non-payment of assessments.

123. Amberfield’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. As such, all fees charged to delinquent homeowners at Amberfield were impermissible pursuant to the association’s governing documents.

124. From 2016 through March of 2018, at least twenty Amberfield homeowners were charged a total of \$1,620.00 in collection costs not permitted by the association's governing documents for delinquent monthly assessments.

Annapolis Walk

125. Homeowners at the community of Annapolis Walk were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 through 2017 = \$55.00
- 2018 through 2019 = \$60.00

126. Annapolis Walk homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on the following dates:

2016	January 21, February 22, March 21, April 21, May 23, June 20, July 21, August 22, September 21, October 21, November 21, and December 21
2017	January 23, February 22, March 21, April 21, May 22, June 21, July 21, August 21, September 21, October 23, November 22, and December 21
2018	January 22, February 21, March 22, April 23, May 21, June 21, July 23, August 21, September 21, October 22, November 21, and December 21
2019	January 21, February 21, March 21, April 22, May 21, June 21, July 22, August 21, September 23, October 21, and November 21

127. Annapolis Walk homeowners delinquent in paying their assessments were also charged an \$8.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 21, February 22, March 21, April 21, May 23, June 20, July 21, August 22, September 21, October 21, November 21, and December 21
2017	January 23, February 22, March 21, April 21, May 22, June 21, July 21, August 21, September 21, October 23, November 22, and December 21
2018	January 22, February 21, March 22, April 23, May 21, June 21, July 23, August 21, September 21, October 22, November 21, and December 21
2019	January 21, February 21, March 21, April 22, May 21, June 21, July 22, August 21, September 29, October 21, and November 21

128. Annapolis Walk homeowners delinquent in paying their assessments were charged \$20.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$8.00 late fee).

129. Annapolis Walk's Declaration of Covenants, Conditions and Restrictions Article V, Section 8 provides that:

Any assessment, including any assessment of cost pursuant to Article X hereof, which is not paid when due shall be delinquent. If such assessment is not paid within twenty (20) days after the due date, the Association may impose a reasonable late charge and the assessment shall bear interest from the date of delinquency at the highest legal rate of interest then allowable by law.

(CPD Ex. 8-C, at CPD002788).

130. Annapolis Walk's Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article XIII, Section 1 of the Bylaws provides that:

These Bylaws are subordinate and subject to all provisions of the Declaration and to the provision of Title IIB of the Real Property Article of the Annotated Code of Maryland. In the event of any conflict between these Bylaws and the Declaration, the Provision of the Declaration shall control; and in the event of any conflict between the Declaration and Title 11B of the Real Property Article, the provisions of the statute shall control.

(CPD Ex. 8-D, at CPD002819).

131. Annapolis Walk's Declaration and Bylaws permit delinquent homeowners to be charged a reasonable late fee as limited by the MHAA section 11B-112.1. From 2016 through 2019, the maximum fee homeowners delinquent in paying their assessments could be charged was \$15.00 (10% of the monthly assessment would either be \$5.50 or \$6.00, less than the \$15.00 alternative provided for in MHAA section 11B-112.1).

132. From 2016 through March 2018, at least forty-seven homeowners delinquent in paying their monthly assessments were charged a total of \$1,281.00 in fees in excess of the delinquent assessment payment.

Bluffs at Deep Creek

133. Homeowners at the community known as Bluffs at Deep Creek, a condominium, were charged assessments on the first of each month.

- 2016 = \$79.00
- 2017 = \$85.00
- 2018 = \$85.00
- 2019 – 2021 = \$93.00
- 2022 = \$100.00

134. Bluffs at Deep Creek homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 16
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16

135. Bluffs at Deep Creek homeowners delinquent in paying their assessments were also charged a late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates for the corresponding amounts:

2016	\$5.00	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
Jan. 2017 – Nov. 2018	\$15.00	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18 (2017);  January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, and November 16 (2018)
Dec. 2018 – Feb. 2020	\$5.00	December 18 (2018);  January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, and September 17 (2019);  January 16, and February 18 (2020)

136. Bluffs at Deep Creek homeowners delinquent in paying their assessments were charged between \$17.00 and \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and either a \$5.00 or \$15.00 late fee).

137. Article IX, Section 3 of the Bluffs at Deep Creek Bylaws provides:

Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid within fifteen (15) days after it is due, shall be subject to a late charge of Fifteen Dollars (\$15.00), or one-tenth (1/10th) of the total amount of any delinquent assessment or installment, whichever is greater, or for any other greater sum authorized by the [MCA] as amended from time to time. . . . All unpaid assessments shall bear interest at the rate not to exceed eighteen percent (18%) per annum or such higher rate as permitted by the [MCA] . . . .

(CPD Ex. 9-C, at CPD004146).

138. The Bluffs at Deep Creek Bylaws provide that a homeowner delinquent in paying their monthly assessment between 2016 and 2022 could be charged a maximum of \$15.00 (10% of the monthly assessment would range from \$7.90 and \$10.00, less than the \$15.00 alternative). Homeowners delinquent in paying their assessments were charged fees in excess of \$15.00.

139. From 2016 through March of 2018, at least thirty-six homeowners were charged at least a total of \$1,015.00 in fees in excess of the delinquent assessment payment.

Briarleigh

140. Homeowners in the community of Briarleigh were charged assessments annually on January 1 in 2014 and 2015 and on February 1 in 2016 through 2023. Homeowners' annual assessments were as follows:

- 2014 = \$399.00
- 2015 = \$399.00
- 2016 = \$418.95
- 2017 = \$418.95
- 2018 = \$435.00
- 2019 = \$447.00
- 2020 = \$460.00
- 2021 = \$469.00
- 2022 = \$469.00
- 2023 = \$499.00

141. Briarleigh homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2014	March 1
2015	March 1
2016	March 1
2017	March 1
2018	March 1
2019	March 1
2020	March 2 and July 1
2021	March 1 and September 16
2022	March 1 and April 12
2023	March 3, April 3, and May 3

142. Briarleigh's Declaration Article VI, Section 1 provides, "Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10)

days after it is due, shall bear interest at a rate of ten percent (10%) per annum.” (CPD Ex. 10-C, at CPD005716).

143. Article XI of Briarleigh’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessments is made. Any assessments which are not paid when due shall be delinquent. If the assessments is not paid within thirty (30) days after the due date, the assessments shall bear interest from the date of delinquency at the rate of 6 percent per annum . . . .

(CPD Ex. 10-D, at CPD005739-40). The Bylaws further provide at Article XIII, Section 2 that “in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.” (CPD Ex. 10-D, at CPD005740).

144. Briarleigh’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. As such, all fees charged to delinquent homeowners at Briarleigh were impermissible pursuant to the association’s governing documents.

145. From 2016 through March of 2018, at least thirty-five homeowners were charged a total of \$672.00 in fees for delinquent assessments.

146. Briarleigh homeowners were charged fees more than once per delinquent assessment period from 2020 through 2023.

Bodkin Point

147. Homeowners in the community of Bodkin Point were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2022 = \$825.00
- 2023 = \$1,1150.00
- 2024 = \$1,1250.00

148. Bodkin Point homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2022	November 3
2023	February 3, May 5, and August 3

149. Bodkin Point's Amended Declaration Article VI, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the Member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix . . . .

(CPD Ex. 11-B, at CPD006053).

150. Article XI of Bodkin Point's Bylaws provides, "If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, or such other rate of interest as may be established by the Association." (CPD Ex. 11-C, at CPD006082). The Bylaws further provide at Article XIII, Section 2 that "in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control." (CPD Ex. 11-C, at CPD006083).

151. There is no written resolution from Bodkin Point's Board of Directors regarding the collection of assessments, nor identifying any late charge for the non-payment of assessments.

152. Bodkin Point's Amended Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum.

153. All fees charged to delinquent homeowners at Bodkin Point were impermissible pursuant to the association's governing documents.

#### Blue Ridge

154. Homeowners in the community of Blue Ridge were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$52.00
- 2017 = \$55.00
- 2018 = \$58.00
- 2019 = \$60.00

155. Blue Ridge homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on January 18, 2016.

156. Blue Ridge's Amended Declaration of Covenants, Conditions and Restrictions Article V, Section 1 provides that "[a]ny assessment provided for in this Declaration which is not paid when due, shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of

delinquency at the rate of eight percent (8%) per annum.” (CPD Ex. 12-C, at CPD006147).

157. Article XII of Blue Ridge’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and be subject to a late fee of Five Dollars (\$5.00) or five percent (5%) of the assessment, whichever is greater . . . .

(CPD Ex. 12-D, at CPD006164). The Bylaws further provide at Article XV, Section 2 that “in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.” (CPD Ex. 12-D, at CPD006165).

158. Blue Ridge’s Bylaws regarding penalties for non-payment of assessments conflicts with the Declaration of Covenants Conditions and Restrictions. Blue Ridge’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Blue Ridge were impermissible pursuant to the association’s governing documents.

159. In 2016, at least seventeen homeowners were charged a total of \$216.00 in impermissible fees for delinquent assessment payments.

Bayview Hills

160. Homeowners in the community commonly known as Bayview Hills were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$26.50 or \$55.00
- 2017 = \$27.50 or \$58.00
- 2018 = \$28.50 or \$59.50
- 2019 = \$28.50 or \$59.50
- 2020 = \$29.00 or \$60.00
- 2021 = \$30.00 or \$63.00
- 2022 = \$30.00 or \$63.00
- 2023 = \$33.00 or \$66.00
- 2024 = \$33.00 or \$66.00

161. Bayview Hills's homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 3, and October 31
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 1, October 1, and October 31
2018	January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, and December 1
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 3, October 1, October 31, December 2, and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, July 31, August 31, October 1, November 1, December 1, and December 31
2021	March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 1, November 1, December 1, and December 31
2022	January 31, March 1, March 31, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2024	January 3

162. Bayview Hills's homeowners delinquent in paying their assessments were also charged a late fee following a missed monthly assessment payment. The late fee charged

to homeowners delinquent in paying their monthly assessment was \$5.00. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 3, October 31, and December 1
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, and December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, and May 1

163. The Bayview Hills’s Declaration of Covenants, Conditions and Restrictions Article IX, Section 9 provides:

Any assessment not paid when due shall be delinquent and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of (i) fifteen percent (15%) per annum, or (ii) two percent (2%) over the prime rate announced by NationsBank, N.A., or any successor thereto, whichever is greater, and shall be subject to a late charge of (A) Five Dollars (\$5.00) per month until paid, or (B) ten percent (10%) of the assessment, whichever is greater, or at such other rates or in such other amounts as may be established by the Board of Directors from time to time.

(CPD Ex. 13-C, at CPD 006220).

164. Bayview Hills’s Bylaws are silent on the monetary consequences for the non-payment of monthly assessments, and instead only provides the Board of Directors may “suspend the voting rights and right to use of any recreational facilities located on any Common Areas of a Member during any period in which, such Member shall be in default in the payment of any assessment levied by the Association.” (CPD Ex. 13-D, at CPD006245).

165. Bayview Hills’s Declaration provides that a homeowner delinquent in paying their monthly assessment can be charged a maximum fee of \$5.00 or 10% of the

assessment, whichever is greater, after thirty days. Because Bayview Hills charged homeowners two different assessment amounts, some homeowners could only be charged \$5.00 for a late assessment, while others could be charged \$5.50 in 2016, \$5.80 in 2017, \$5.95 in 2018 and 2019, \$6.00 in 2020, \$6.30 in 2021 and 2022, and \$6.60 in 2023 and 2024.

166. From 2016 through May 1 of 2019, Bayview Hills's homeowners delinquent in paying their assessments were charged \$17.00 and \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and a \$5.00 late fee). From May 31, 2019 through January of 2024, Bayview Hills's homeowners delinquent in paying their assessments were charged a \$12.00 fee following a missed monthly assessment payment. From 2016 through 2024, the fees charged to delinquent homeowners at Bayview Hills exceeded the amounts permitted by the Declaration.

167. From 2016 through March of 2018, at least eighty-eight homeowners were charged a total of \$3,312.05 in excess fees.

168. From 2016 through 2020, Bayview Hills's homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. Specifically, homeowners delinquent in paying their February assessment from 2016 and 2020 were charged fees on March 1, which was only twenty-nine days after the assessment due date. In 2017 through 2019, and in 2021 and 2022, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-eight days after the assessment due date.

Crofton Chase

169. Homeowners in the community of Crofton Chase were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 – 2019 = \$98.00
- 2020 – 2021 = \$90.00
- 2022 = \$99.00
- 2023 = \$108.00
- 2024 = \$118.00

170. Crofton Chase homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, August 1, and October 31
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31, May 1, July 31, and October 31
2020	January 31, May 1, July 31, and November 2,
2021	January 31, May 3, August 1, and November 1,
2022	January 31, August 3, and November 3
2023	February 3, May 3, August 3, and November 3

171. Crofton Chase homeowners delinquent in paying their assessments were also charged a \$10.00 late fee. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1, May 1, August 1, and October 31
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31 and May 1

172. Crofton Chase's Declaration of Covenants, Conditions and Restrictions Article IV, Section 8 provides that:

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien

against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

(CPD Ex. 14-C, at CPD008522-23).

173. Article XI of Crofton Chase's Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum . . . .

(CPD Ex. 14-D, at CPD008553). The Bylaws further provide at Article XIII, Section 2 that "in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control." (CPD Ex. 14-D, at CPD008554).

174. To the extent that Crofton Chase's Bylaws regarding penalties for non-payment of assessments conflicts with the Declaration of Covenants Conditions and Restrictions, Crofton Chase's Declaration Article IV, Section 8 controls. Crofton Chase's Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. As such, all fees charged to delinquent homeowners at Crofton Chase were impermissible pursuant to the association's governing documents.

175. From 2016 through 2023, at least twenty-eight homeowners were charged a total of \$1,468.00 in impermissible fees for delinquent assessment payments.

Chesterfield

176. Homeowners in the community of Chesterfield were charged tri-annual assessments on January 1, May 1, and September 1. Homeowners’ tri-annual assessments were as follows:

- 2015 = \$82.00 or \$152.00
- 2016 = \$85.00
- 2017 = \$93.00
- 2018 – 2020 = \$97.00
- 2021 – 2022 = \$102.00
- 2023 = \$110.00
- 2024 = \$121.00

177. Chesterfield homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2015	June 1, August 12, and October 1
2016	February 1, March 1, April 12, June 1, July 1, October 3, and October 31
2017	January 31, March 3, May 31, July 1, July 31, July 1, October 1 and October 31
2018	January 31, March 5, May 31, July 2, October 1, and October 31
2019	January 31, March 4, May 31, July 1, October 1, and October 31
2020	January 31, March 3, June 1, July 1, October 10, and November 2
2021	January 31, March 3, June 1, July 1, October 1, and November 1
2022	January 31, March 1, July 3, August 3, October 3, and November 3
2023	February 3, March 3, June 3, July 3, October 3, and November 3

178. Chesterfield’s Declaration of Covenants, Conditions and Restrictions Article IV, Section 8 provides that “[a]ny assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six (6%) percent per annum.” (CPD Ex. 15-C, at CPD008969.)

179. Article XI of Chesterfield’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing [lien] upon the property against which the assessment is made. Any assessments which not paid when due

shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 6 percent per annum . . . .

(CPD Ex. 15-D, at CPD009029).

180. Chesterfield’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. (CPD Exs. 15-C and 15-D). The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Chesterfield were impermissible pursuant to the association’s governing documents.

181. From 2015 through March of 2018, at least eight hundred forty-five homeowners were charged a total of \$48,795.00 in impermissible fees for delinquent assessment payments.

182. Chesterfield homeowners were also charged more than one fee for the same delinquency as follows:

2016	March 1, April 12, July 1, and October 31
2017	March 3, July 1, and October 31
2018	March 5, July 2, and October 31
2019	March 4, July 1, October 31
2020	March 3, July 1, and November 2
2021	March 3, July 1, and November 1
2022	March 1 and November 3
2023	March 3, July 3, and November 3

Chapman Farm

183. Homeowners at the community known as Chapman Farm were charged semi-annual assessments on April 1 and October 1 of each year. Homeowners’ semi-annual assessments from 2016 through 2019 were \$140.00.

184. Chapman Farm homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	April 18 and October 18
2017	April 17 and October 16
2018	April 17 and October 16
2019	April 16 and October 16

185. Chapman Farm homeowners delinquent in paying their assessments were also charged a \$15.00 late fee for delinquent assessment payments. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	April 18 and October 18
2017	April 18 and October 17
2018	April 17 and October 16
2019	April 16 and October 16

186. Chapman Farm’s Declaration of Covenants Conditions and Restrictions’ Article V, Section 5.08 provides that:

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date until paid at the maximum rate permitted by law (or such lesser sum as VA and/or FHA may specify if any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by VA or insured by FHA). The Board of Directors may elect to collect a reasonable late fee, not to exceed Twenty-Five Dollars (\$25.00) for any assessment or installment thereof which is fifteen (15) or more days delinquent . . . .

(CPD Ex. 16-C, at CPD017900-01).

187. Article XIII of Chapman Farm’s Bylaws provides that:

As more fully provided in the Declaration, . . . [a]ny assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate

permitted by law (or such lesser sum as VA or FHA shall specify if any Lot is insured by FHA or guaranteed by VA).

(CPD Ex. 16-D, at CPD017968). Article XVI, Section 1 of Chapman Farm's Bylaws further provides that the "Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. . . . In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control . . . ." (CPD Ex. 16-D, at CPD017969).

188. In 2000, Chapman Farm's Board of Directors approved an Administrative Resolution regarding the charging of and collection of assessments from Chapman Farm homeowners, which provided that:

the managing agent will prepare a collection letter to be sent to all unit owners who are at least ten (10) days delinquent within fifteen (15) days of the unit owners failure to pay. A \$10.00 administrative collection fee shall be charged against the homeowner's account each time a payment is not received by the tenth day. . . . A \$15.00 late fee will be applied for any assessment fifteen days delinquent.

(CPD Ex. 16-E, at 17970).

189. Chapman Farm's Declaration permits the Board of Directors to elect to charge delinquent homeowners a reasonable late fee, no greater than \$25.00 and as limited by MHAA section 11B-112.1. Chapman Farm's Board of Directors elected to impose a \$15.00 late charge pursuant to its 2000 Administrative Resolution. (CPD Ex. 16-E). However, as Chapman Farm's Declaration only identifies pre-judgment interest and a reasonable late charge, the administrative collection fee in the Administrative Resolution conflicts with the Declaration.<sup>11</sup> (CPD Exs. 16-C and 16-E). From 2016 through 2019, the maximum fee homeowners could be charged for delinquent assessments was \$15.00.

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<sup>11</sup> Even if the Administrative Resolution did not conflict with the Declaration, the \$12.00 collection cost charged to Chapman Farm's homeowners is greater than the \$10.00 identified in the Administrative Resolution. (CPD Exs. 16-A, 16-C, 16-E, 16-F, and 16-G).

Chapman Farm homeowners delinquent in paying their assessments were charged \$27.00 in fees (\$12.00 admin fee or collection cost, and a \$15.00 late fee).

190. From 2016 through March 2018, at least eighty-nine Chapman Farm homeowners delinquent in paying their assessment were charged a total of \$1,740.00 in excess fees.

Chestnut Hill Cove

191. Homeowners at the community known as Chestnut Hill Cove were charged semi-annual assessments on January 1 and July 1 of each year. Homeowners' semi-annual assessments were as follows:

- 2016 = \$341.25
- 2017 = \$358.00
- 2018 – 2021 = \$375.00
- 2022 = \$400.00
- 2023 – 2024 = \$420.00

192. Chestnut Hill Cove homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1 and August 1
2017	February 1 and August 1
2018	February 1 and August 1
2019	February 1 and August 1
2020	February 3, August 3, and September 24
2021	February 3 and August 1
2022	February 1, March 17, and August 3
2023	February 2 and August 2

193. Chestnut Hill Cove homeowners delinquent in paying their assessments were also charged a \$25.00 late fee for delinquent assessment payments. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1 and August 1
2017	February 1 and August 1
2018	February 1 and August 1
2019	February 1

194. Chestnut Hill Cove’s Amendment and Restatement of Declaration Article V, Section 1 provides that:

Any assessment provided for in this Declaration which is not paid when due, shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of Six Percent (6%) per annum . . . .

(CPD Ex. 17-C, at CPD018817).

195. Article XI of Chestnut Hill Cove’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessment which are secured by continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum . . . .

(CPD Ex. 17-D, at CPD018863). Article XIII further provides that “in the case of a conflict between the Declaration and these By-Laws, the Declaration shall control.” (CPD Ex. 17-D, at CPD018864).

196. Chestnut Hill Cove’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Chestnut Hill were impermissible pursuant to the association’s governing documents.

197. From 2016 through March 2018, at least one hundred ninety-four Chestnut Hill Cove homeowners delinquent in paying their assessment were charged a total of \$14,933.00 in fees that were not permissible pursuant to the association's governing documents.

Covington Knolls/Covington 5 Townhouse

198. Homeowners at the community of Covington Knolls/Covington 5 Townhouse were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 – 2018 = \$55.00
- 2019 – 2023 = \$60.00
- 2024 = \$63.00

199. Covington Knolls/Covington 5 Townhouse homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 20, February 18, March 17, April 19, May 17, June 20, July 19, August 18, September 21, October 18, November 17, and December 19
2017	January 18, February 20, March 20, April 18, May 17, June 20, July 18, August 17, September 18, October 17, November 17, and December 18
2018	January 17, February 21, March 20, April 17, May 17, June 19, July 17, August 17, September 18, October 17, November 19, and December 18
2019	January 17, February 19, March 19, April 17, May 17, June 18, July 17, August 19, September 18, October 17, November 19, and December 17
2020	January 17, February 19, March 17, April 21, May 20, June 18, July 20, August 18, September 17, October 23, November 17, and December 17
2021	January 18, February 17, March 17, April 20, May 18, June 17, July 20, August 17, September 17, October 19, November 17, and December 20
2022	January 19, March 17, April 19, June 18, July 18, August 18, September 18, October 18, November 18, and December 18
2023	January 18, February 18, March 18, April 18, May 18, June 18, July 18, August 18, September 18, October 18, November 18, and December 18
2024	January 18

200. Covington Knolls/Covington 5 Townhouse homeowners delinquent in paying their assessments were also charged a \$2.25 late fee for delinquent assessment payments. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 20, February 18, March 17, April 19, May 17, June 20, July 19, August 18, September 21, October 18, November 17, and December 19
2017	January 18, February 20, March 20, April 18, May 17, June 20, July 18, August 17, September 18, October 17, November 17, and December 18
2018	January 17, February 21, March 20, April 17, May 17, June 19, July 17, August 17, September 18, October 17, November 19, and December 18
2019	January 17, February 19, March 19, April 17, and May 17

201. Covington Knolls/Covington 5 Townhouse’s Declaration Article V, Section 5.08 provides that:

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate equal to the maximum rate of interest permitted under the laws of the State of Maryland (or such lesser sum as VA and/or FHA may specify if any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by the VA or insured by the FHA).

(CPD Ex. 18-C, at CPD020578).

202. Article XIII of Covington Knolls/Covington 5 Townhouse’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate permitted by law . . . .

(CPD Ex. 18-D, at CPD020626). Article XVI of the Bylaws further provides, “These Bylaws are subordinate and subject to all provisions of the Declaration and to the

provisions of the Articles of Incorporation of the Association.” (CPD Ex. 18-D at CPD020626).

203. Covington Knolls/Covington 5 Townhouse’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment after thirty days of non-payment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Covington Knolls/Covington 5 Townhouse were impermissible pursuant to the association’s governing documents.

204. From 2016 through March 2018, at least one hundred forty-three Covington Knolls/Covington 5 Townhouse homeowners delinquent in paying their assessment were charged a total of \$15,642.75 in fees that were not permissible pursuant to the association’s governing documents.

205. Covington Knolls/Covington 5 Townhouse homeowners were also charged twice for the same delinquent assessment payment. In 2020, homeowners delinquent in paying their July assessment were charged fees on both July 20 and July 31. In 2021, homeowners delinquent in paying their February assessment were charged fees on both February 17 and February 18.

206. All fees charged to Covington Knolls/Covington 5 Townhouse homeowners delinquent in paying their assessments were charged prior to the thirty-day grace period identified in the Declaration and Bylaws.

Crofton Meadows Townhouse 6

207. Homeowners at the community of Crofton Meadows Townhouse 6 were charged annual assessments on January 1 of each year. Homeowners’ annual assessments were as follows:

- 2016 – 2021 = \$140.00
- 2022 = \$143.00
- 2024 = \$147.00

208. Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 17 and April 1
2017	February 20 and April 1
2018	January 31
2019	January 31 and March 1
2020	January 31 and March 1
2021	January 31 and May 1
2022	January 31 and September 14
2023	February 3 and March 3

209. Crofton Meadows Townhouse 6’s Deed, Agreement and Declaration (As Amended) at Article V, Section 8 provides, “If the assessment is not paid within thirty days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of six percent per annum . . . .” (CPD Ex. 19-C, at CPD023291).

210. Article XI of Crofton Meadow’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent per annum . . . .

(CPD Ex. 19-D, at CPD023304). Article XIII of the Bylaws further provides that “in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.” (CPD Ex. 19-D, at CPD023305).

211. Crofton Meadow’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. (CPD Exs. 19-C and 19-D). The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Crofton Meadows Townhouse 6 were impermissible pursuant to the association’s governing documents.

212. From 2016 through March 2018, at least four hundred eighty-two Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessment were charged a total of \$10,248.00 in fees not permitted by the association’s governing documents.

213. Crofton Meadows Townhouse 6 homeowners were also charged twice for the same delinquent assessment payment. In 2016 and 2017, homeowners delinquent in paying their annual assessment were charged a second fee on April 1. In 2019 and 2020, homeowners delinquent in paying their annual assessment were charged a second fee on March 1. In 2021, homeowners delinquent in paying their annual assessment were charged a second fee on May 1. In 2022, homeowners delinquent in paying their annual assessment were charged a second fee on September 14. In 2023, homeowners delinquent in paying their annual assessment were charged a second fee on March 3.

Colony Square

214. Homeowners at the community of Colony Square were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$82.50
- 2017 – 2019 = \$90.00

215. In April and May of 2016, Colony Square homeowners delinquent in paying their assessments were charged \$12.00 collection costs. From June 2016 through, at least, December 2019, Colony Square homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17

216. Colony Square homeowners delinquent in paying their assessments were also charged a \$15.00 late fee for delinquent assessment payments. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	April 18, June 16, July 18, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, and August 16

217. Colony Square's Amended Declaration of Covenants, Conditions and Restrictions' Article IV, Section 8 provides that:

Any assessment levied pursuant to this Declaration or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix . . . .

(CPD Ex. 20-C, at CPD027293).

218. Article XIV of Colony Square's Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum . . . .

(CPD Ex. 20-D, at CPD027322). Article XVI, Section 2 further provides that "in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control."

(CPD Ex. 20-D, at CPD 027322).

219. Colony Square's Board of Directors approved Policy Resolution No. 98-01 regarding the charging of and collection of assessments from Colony Square homeowners, which provides:

Any assessment not paid within ten (10) days after due shall accrue a late charge in the amount of Twenty-Five Dollars (\$25.00) or other amount set by resolution of the Board of Directors and when due shall bear interest on the principal amount and on late charges from the Due Date thereof until paid at a rate not to exceed the maximum legal rate permitted by the State of Maryland.

(CPD Ex. 20-E, at CPD027328).

220. Colony Square's Declaration permits the Board of Directors to elect to charge delinquent homeowners a "late charge," as limited by MHAA section 11B-112.1. The MHAA caps late charges at \$15.00 or 10% of the assessment, whichever is greater, so long as the assessment is less than \$150.00.

221. From 2016 through 2019, the maximum fee homeowners could be charged for delinquent assessments was \$15.00. However, Colony Square homeowners delinquent in paying their assessments were charged either \$27.00 or \$30.00 in fees (\$12.00 or \$15.00 collection cost, and a \$15.00 late fee).

222. From 2016 through March 2018, at least one hundred thirteen Colony Square homeowners delinquent in paying their assessment were charged a total of \$11,400.00 in excess fees. Collington Ridge

223. Homeowners at the community known as Collington Ridge were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2023 = \$85.00
- 2024 = \$89.00

224. Collington Ridge homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on January 3, 2024.

225. Collington Ridge's Amended Declaration of Covenants, Conditions and Restrictions' Article IV, Section 8 provides, "Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 10% per annum." (CPD Ex. 21-B, at CPD029050).

226. Article XI of Collington Ridge's Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessment which is not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum . . . .

(CPD Ex. 21-C, at CPD029068). Article XIII, Section 2 further provides that “in the case of any conflict between the Declaration and these by-laws, the Declaration shall control.”

(CPD Ex. 21-C, at CPD029069).

227. Collington Ridge’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. (CPD Exs. 21-B and 21-C). The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Collington Ridge were impermissible pursuant to the association’s governing documents.

Covington Manor and Townes

228. Homeowners at the community of Covington Manor and Townes were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners’ quarterly assessments were as follows:

- 2017 - 2019 = \$59.00 or \$155.00
- 2020 – 2021 = \$65.00 or \$170.00
- 2022 = \$65.00, \$170.00, or \$105.00
- 2023 = \$65.00 or \$105.00
- 2024 = \$71.00 or \$115.00

229. Covington Manor and Townes’s homeowners delinquent in paying their assessments were charged \$12.00 or \$15.00 collection costs. Homeowners were charged

\$12.00 administrative fees or collection costs from 2018 through 2020 and \$15.00 administrative fees or collection costs from 2021 through 2024. The homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on the following dates:

2019	January 16, May 1, July 16, and October 16
2020	January 16, April 16, July 16, and October 16
2021	January 16, April 16, July 20, and October 18
2022	January 19, April 19, July 16, and October 16
2023	January 16, April 16, July 16, and October 16
2024	January 16

230. Covington Manor and Townes’s homeowners delinquent in paying their assessments were also charged a \$15.00 late fee. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2018	January 17, April 18, July 17, and October 31
2019	January 16, May 1, and July 16

231. Covington Manor and Townes’s Amended and Restated Declaration of Covenants, Conditions and Restrictions’ Article VIII, Section 1 provides:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the law of the State of Maryland . . . and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such reasonable “late charge” as the Board may establish . . . .

(CPD Ex. 22-C, at CPD029293).

232. Covington Manor and Townes’s Bylaws Article 13 provides that:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30)

days after the due date, the assessment may bear interest from the date of delinquency at the rate established by the Board of Directors, up to the maximum rate permitted by law . . . .

(CPD Ex. 22-D, at CPD029345). The Bylaws further provide, “In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control . . . .” (CPD Ex. 22-D, at CPD029346).

233. There is no resolution by the Board of Directors of Covington Manor and Townes. As such, pursuant to the Declaration, homeowners at Covington Manor and Townes cannot be charged any amount for the delinquent payment of their assessments. The fees charged to homeowners at Covington Manor and Townes for delinquent assessments were impermissible pursuant to the governing documents.

234. From 2016 through March 2018, at least one hundred fifty Covington Manor and Townes’s homeowners delinquent in paying their assessment were charged a total of \$3,807.00 in fees that were not permitted by the Declaration.

Centennial Village

235. Homeowners at the community known as Centennial Village were charged monthly assessments on the first of each month. Homeowners’ monthly assessments were as follows:

- 2016 – 2017 = \$86.00
- 2018 – 2023 = \$90.00
- 2024 = \$94.00

236. Centennial Village homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 31, December 1
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2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2, and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, August 31, October 1, November 1, December 1, and December 31
2021	January 31, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 1, November 1, December 1, and December 31
2022	January 31, March 1, March 31, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2024	January 3

237. Centennial Village’s Declaration of Covenants, Conditions and Restrictions’ Article V, Section 9 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date, computed at the rate of six per cent (6%) per annum.” (CPD Ex. 23-C, at CPD030886).

238. Article XI of Centennial Village’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secure by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six per cent (6%) per annum . . . .

(CPD Ex. 23-D, at CPD030906). Centennial Village’s Bylaws Article XIII, Section 2 further provides that “in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.” (CPD Ex. 23-D, at CPD030907).

239. Centennial Village’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. (CPD Exs. 23-C and 23-D). The pre-judgment interest that may be charged to delinquent

homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Centennial Village were impermissible pursuant to the association's governing documents.

240. From 2016 through March 2018, at least ninety Centennial Village homeowners delinquent in paying their assessment were charged a total of \$10,488.00 in impermissible fees.

241. Centennial Village homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. In 2016 and 2020, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-nine days after the due date. In 2017, 2018, 2021, and 2022, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-eight days after the due date.

#### Cedar Woods

242. Homeowners at the community of Cedar Woods were charged monthly assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$82.00
- 2017 = \$86.00
- 2018 = \$82.00
- 2019 – 2020 = \$80.00
- 2021 = \$84.00
- 2022 – 2024 = \$88.00

243. Cedar Woods's homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, March 1, March 31, June 1, July 1, August 1, August 31, October 3, and October 31
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2, and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, July 31, August 31, October 1, November 1, December 1, and December 31
2021	March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 1, November 1, December 1, and December 31
2022	January 31, March 1, March 31, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2024	January 3

244. Cedar Woods’s Declaration of Covenants, Conditions and Restrictions’ Article IV, Section 8 provides, “Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at a rate of Twelve Percent (12%) per annum.” (CPD Ex. 24-C, at CPD032294).

245. Article XIV of the Cedar Woods’s Bylaws provides that:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the day of delinquency at the rate of Twelve Percent (12%) per annum . . . .

(CPD Ex. 24-D, at CPD032395).

246. Cedar Woods’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six

percent per annum. The fees charged to delinquent homeowners at Cedar Woods were impermissible pursuant to the association's governing documents.

247. From 2016 through March 2018, at least thirteen Cedar Woods's homeowners delinquent in paying their assessment were charged a total of \$1,068.00 in fees that were not permitted by the Declaration.

248. Cedar Woods's homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. Specifically, in 2016 and 2022, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-nine days after the assessment due date. In 2017, 2019, 2021, and 2023, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-eight days after the assessment due date.

#### Enterprise Knolls

249. Homeowners at the community of Enterprise Knolls were charged annual assessments on January 1 of each year. Homeowners' assessments were as follows:

- 2016 = \$459.00
- 2017 = \$482.00

250. Enterprise Knolls's homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on March 14, 2016, and March 13, 2017.

251. Enterprise Knolls's Declaration of Covenants, Conditions and Restrictions' Article IV, Section 4.08 provides that:

- (a) . . . If an Owners fails to pay any part of any Assessment within 30 days after the due date (as defined in Section 4.06), the unpaid

amount shall be deemed “Delinquent”, and the Owner shall be deemed “Delinquent” in the payment of that amount.

(b) . . . Any Delinquent amount shall automatically bear interest at the highest rate charged by the United States Government for late payment of the Federal Income Taxes or at the highest rate legal permissible under Maryland Law, whichever is less.

(CPD Ex. 25-C, at CPD032785).

252. Enterprise Knolls’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Enterprise Knolls were impermissible pursuant to the association’s governing documents.

253. At least eighty-seven Enterprise Knolls’s homeowners delinquent in paying their assessment were charged a total of \$1,644.00 in fees not permitted by the association’s governing documents.

#### Falcon Crest

254. Homeowners at the community of Falcon Crest Condominiums were charged assessments on the first of each month. Homeowners’ monthly assessments were as follows<sup>12</sup>:

- 2016 – 2018 = \$130.00
- 2020 = \$130.00

255. Falcon Crest homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

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<sup>12</sup> The Falcon Crest homeowner account histories do not contain information for charges to and payment from homeowners from April 2018 through December 2019. (CPD Exs. 26-D and 26-E).

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17
2020	January 16, April 16, July 16, August 16, October 16, November 17, and December 16

256. Falcon Crest homeowners delinquent in paying their assessments were also charged a \$10.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, and November 16
2018	January 17, February 16, and March 16

257. Falcon Crest homeowners delinquent in paying their assessments were charged, at most, \$22.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$10.00 late fee).

258. Article IX, Section 3 of Falcon Crest's Bylaws provides that:

Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid within fifteen (15) days after it is due, shall be subject to a late charge of Fifteen Dollars (\$15.00), or one-tenth (1/10th) of the total amount of any delinquent assessment or installment, whichever is greater, or for any other greater sum authorized by the [MCA] as amended from time to time. . . . All unpaid assessments shall bear interest at the rate not to exceed eighteen percent (18%) per annum or such higher rate as permitted . . . .

(See CPD Ex. 26-C, at CPD 032836).

259. Falcon Crest’s Bylaws permit delinquent homeowners to be charged a late fee of \$15.00 or 10% of the assessment, whichever is greater, as limited by section 11-110 of the MCA.<sup>13</sup>

260. From 2016 through 2018 and in 2020, the maximum fee homeowners delinquent in paying their assessments could be charged was \$15.00 (10% of the monthly assessment would be \$13.00, less than the \$15.00 alternative provided for in the Bylaws).

261. From 2016 through March 2018, at least nineteen homeowners delinquent in paying their monthly assessments were charged a total of \$287.00 in excess fees.

Farmington Village<sup>14</sup>

262. Homeowners at the community of Farmington Village were charged assessments on the first of each month. Homeowners’ monthly assessments were as follows:

- 2021 = \$60.00 or \$90.00
- 2022 – 2023 = \$66.00 or \$96.00
- 2024 = \$70.00 or \$100.00

263. Farmington Village homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2021	March 31, May 1, June 1, July 1, August 1, August 31, October 1, November 1, and December 31
2022	January 31, March 1, March 31, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3

<sup>13</sup> Falcon Crest Policy Resolution No 2. provides that a delinquency notice will be provided to homeowners when their assessment payment is not made by the 15th of the month. If a delinquency notice is sent, a “collection cost charge of a minimum of ten dollars (\$10.00) will be assessed.” Additionally, a late charge of fifteen dollars or 10% of the assessment is assessed if payment is not received by the 20th of the month. Falcon Crest’s Policy Resolution conflicts with the Declaration and Bylaws.

<sup>14</sup> The parties also refer to this association as Farmington Ridge in their Joint Stipulations of Fact.

264. Farmington Village's Declaration of Covenants, Conditions, Restrictions and Easements' Article 8.9 provides that:

Any assessment or portion thereof not paid within thirty (30) days after the due date thereof shall be delinquent and shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid, or ten percent (10%) of the assessment, whichever is greater . . . .

(CPD Ex. 27-B, at CPD0033035).

265. Article XII of Farmington Village's Bylaws provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the lot against which the assessment is made. Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid or ten percent (10%) of the Assessment, whichever is greater . . . .

(CPD Ex. 27-C, at CPD033078). Article XIII, Section 2 further provides that "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control."

(CPD Ex. 27-C, at CPD033078).

266. The Farmington Village's Declaration and Bylaws permit delinquent homeowners to be charged \$10.00 or 10% of the delinquent assessment, whichever is greater. From 2021 through 2024, the maximum fee homeowners delinquent in paying their assessments could be charged was \$10.00 (10% of the monthly assessment never exceeded the flat \$10.00 provided for in the governing documents). Farmington Village homeowners delinquent in paying their assessments were charged \$15.00 for their late payment.

267. Farmington Village homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration and Bylaws. Specifically, more than fifty homeowners delinquent in paying their February assessment in 2022 were charged fees on March 1, which was only twenty-eight days after the assessment was due, and before the thirty-day grace period provided for in the governing documents.

Fourwinds

268. Homeowners at the community of Fourwinds were charged assessments annually from 2016 through 2018, and then charged bi-annual assessments from 2019 through 2024 on January 1 and July 1 of each year. Homeowners' assessments were as follows:

- 2016 – 2018 = \$885.00
- 2019 = \$486.50
- 2020 – 2021 = \$535.00
- 2022 = \$561.75

269. Fourwinds's homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on the following dates:

2016	March 1 and April 1
2017	March 1 and April 3
2018	March 1 and April 1
2019	March 1, April 1, and October 28
2020	February, April 1, and August 18
2021	February 17, April 1, and August 17
2022	February 18 and August 16
2023	February 16 and August 16

270. Fourwinds's Declaration of Covenants, Conditions, Restrictions and Easements' Article VIII, Section 8.9 provides that:

Any assessment or portion thereof not paid within thirty (30) days after the due date thereof shall be delinquent and shall bear interest

from the date of delinquency at the rate of twelve percent (12%) per annum, and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid, or ten percent (10%) of the assessment, whichever is greater . . . .

(CPD Ex. 28-B, at CPD0034557).

271. Article XII of Fourwinds's Bylaws provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid or ten percent (10%) of the Assessment, whichever is greater . . . .

(CPD Ex. 28-C, at CPD034572-73). Article XIII, Section 2 provides "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control." (CPD Ex. 28-C, at CPD034573).

272. The Fourwinds's Declaration and Bylaws permit delinquent homeowners to be charged either \$10.00 or 10% of the delinquent assessment, whichever was greater. Fourwinds's assessment charges from 2016 through 2023 were always greater than \$100.00, as such, the charge for a delinquent assessment payment could be 10% of the assessment pursuant to the Declaration and Bylaws.

273. Section 11B-112.1 of the MHAA only permits one charge per unpaid assessment. From 2016 through 2018, Fourwinds's homeowners delinquent in paying their annual assessment could only be charged one fee per year. From 2018 through 2023, Fourwinds's homeowners delinquent in paying their bi-annual assessments could only be charged, at most, two fees per year, once for each unpaid semi-annual assessment.

274. From 2016 through 2021, Fourwinds’s homeowners were charged twice for the same delinquent assessment payment. In 2016, homeowners delinquent in paying their annual assessment were charged a second fee on April 1. In 2017, homeowners delinquent in paying their annual assessment were charged a second fee on April 3. In 2018, homeowners delinquent in paying their annual assessment were charged a second fee on April 1. And From 2019 through 2021, homeowners delinquent in paying the first installment of their bi-annual assessment were charged a second fee on April 1.

Glen Allen

275. Homeowners at the community of Glen Allen were charged assessments annually on January 1 in 2016, and on April 1 in 2017 through 2023. Homeowners’ annual assessments were as follows:

- 2016 – 2017 = \$175.00
- 2018 = \$192.50
- 2019 = \$211.00
- 2020 = \$232.00
- 2021 = \$116.00
- 2022 = \$232.00
- 2023 = \$235.00

276. Glen Allen homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on the following dates:

2016	February 1 and March 8
2017	May 1 and September 20
2018	May 16
2019	May 1
2020	July 31
2021	May 3 and August 3

2022	September 3
2023	May 3 and August 3

277. Glen Allen homeowners delinquent in paying their assessments were also charged a \$17.50 late fee following a missed annual assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1
2017	May 1

278. Glen Allen homeowners delinquent in paying their assessments were charged a maximum of \$29.50 in fees following a missed assessment payment (\$12.00 collection cost and \$17.50 late fee).

279. Glen Allen’s Declaration of Covenants, Conditions and Restrictions’ Article IV, Section 8 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the rate of ten percent (10%) per annum, or at the highest legal rate of interest then allowable by law.” (CPD Ex. 29-C, at CPD034762).

280. Glen Allen’s Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article IX, Section 1 of the Bylaws provides that “in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.” (CPD Ex. 29-D, at CPD034820).

281. Glen Allen’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per

annum. The fees charged to delinquent homeowners at Glen Allen were impermissible pursuant to the association’s governing documents.

282. From 2016 through March 2018, at least one-hundred twenty homeowners delinquent in paying their monthly assessments were charged a total of \$2,215.00 in fees that were not permissible pursuant to the association’s governing documents.

283. Glen Allen homeowners were also charged twice for the same delinquent assessment payment. In 2016, homeowners delinquent in paying their annual assessment were charged a second fee on March 8. In 2017, homeowners delinquent in paying their annual assessment were charged a second fee on September 20. In 2021, homeowners delinquent in paying their annual assessment were charged a second fee on August 3. In 2023, homeowners delinquent in paying their annual assessment were charged a second fee on August 3.

Chapel Grove

284. Homeowners at the community of Chapel Grove were charged assessments on the first of each month. From 2016 through 2023, homeowners’ monthly assessments were \$63.00, \$86.00, \$90.00, or \$92.00.

285. Chapel Grove homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17

2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 16
2022	January 18, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

286. Chapel Grove homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, and February 18

287. Chapel Grove homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection costs and \$15.00 late fee).

288. Chapel Grove's First Amendment and First Supplementary Declaration to Declaration of Covenants, Conditions and Restrictions, at paragraph 11, provides that:

Any Assessment levied by the Association which is not paid within fifteen (15) days after the due date established for such Assessment by the Board of Directors may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland. The Board of Directors may also impose a late fee of Fifteen Dollars (\$15.00) or one-tenth of the total amount of the delinquent

assessment or installment, whichever is greater, for failure to pay any assessment within fifteen (15) days after the due date for such Assessment.

(CPD Ex. 30-C, at CPD035852-53).

289. Chapel Grove's Bylaws are silent on the monetary consequences for the non-payment of monthly assessments. However, the Bylaws' Article 17 provides, "These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association." (CPD Ex. 30-D, at CPD035877).

290. In September of 2006, Chapel Grove's Board of Directors adopted an Administrative Resolution pursuant to its Articles of Incorporation, Declaration, and Bylaws, which provides:

If any assessment or installment is not paid in full within fifteen (15) days of the due date, it shall bear interest from the due date of the rate of interest established by the Board, currently 6%, and the Association may assess a one-time late charge of \$15.00 for each such late assessment or installment.

(CPD Ex. 30-E, at CPD035879).

291. The Chapel Grove Declaration and Administrative Resolution permit delinquent homeowners to be charged a \$15.00 fee for missed assessment payments after fifteen days.

292. From 2016 through March 2018, at least seventy-eight homeowners delinquent in paying their monthly assessments were charged a total of \$2,724.00 in excess fees.

#### Glen Dale Forest

293. Homeowners at the community of Glen Dale Forest were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 – 2020 = \$140.00
- 2020 – 2023 = \$154.00
- 2024 = \$170.00

294. Glen Dale Forest homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16, April 16, July 16, and October 16
2021	January 18, April 16, July 20, and October 18
2022	January 19, April 19, July 16, and October 16
2023	January 16, April 16, July 16, and October 16
2024	January 16

295. Glen Dale Forest homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16

296. Glen Dale Forest homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection costs and \$15.00 late fee).

297. Glen Dale Forest’s Amended and Restated Declaration of Covenants, Conditions and Restrictions’ Article VI, Section 6.1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is

due, may, *upon resolution of the Board of Directors*, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and shall subject the Member obligated to pay the same to the payment of a “late charge” in an amount equal to the greater of ten percent (10%) of the amount then due or Fifteen Dollars (\$15.00) . . . .

(CPD Ex. 31-C, at CPD0038921) (emphasis added).

298. Glen Dale Forest’s Bylaws are silent on the consequences for the non-payment of monthly assessments; however, the Bylaws’ Article XVI, Section 16.1 provides that the “By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association.” (CPD Ex. 31-D, at CPD038970).

299. The Glen Dale Forest Declaration permits the Board of Directors to pass a resolution to charge delinquent homeowners a fee equal to 10% of the delinquent assessment. The Glen Dale Forest Board of Directors has not passed any resolution regarding the payment of assessments and charging of late fees. The fees charged to Glen Dale Forest homeowners delinquent in paying their assessment are impermissible.

300. From 2016 through March 2018, at least forty-nine homeowners delinquent in paying their monthly assessments were charged a total of \$5,673.00 in fees for delinquent assessment payments that were not permissible based on the governing documents.

#### Gentry

301. Homeowners at the community of Gentry were charged assessments on the first of each month. Homeowners’ monthly assessments were as follows:

- 2016 = \$159.00
- 2017 = \$164.00
- 2018 = \$169.00
- 2019 = \$179.00
- 2020 – 2021 = \$179.00

- 2022 = 190.00
- 2023 = \$241.00
- 2024 = \$288.00

302. Gentry homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 3, October 31, and December 1
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, and December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2 and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, July 31, August 31, November 1, and December 1
2021	March 1, May 1, June 1, July 1, August 1, August 31, October 1, November 1, and December 1
2022	January 31, March 1, March 31, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, September 3, October 3, November 3, and December 3
2024	January 3

303. Gentry homeowners delinquent in paying their assessments were also charged various late fees following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged the following late fees on the following dates:

2016	\$7.95	February 1, March 1, March 31, May 1, June 1, August 1, August 31, October 3, October 31, and December 1
2017	\$7.95	January 3
	\$8.20	January 31, March 1, March 31, May 1, May 31, June 13, July 1, July 31, August 31, October 1, October 31, and December 1
2018	\$8.45	January 1
		January 31, March 5, April 1, May 1, May 31, July 1,

	\$7.95	July 31, August 31, October 1, October 31, and December 1
	\$8.70	December 31
2019	\$8.70	January 31, March 1, April 1, May 1, May 31, July 1, September 1, October 1, October 31, and December 2

304. Gentry homeowners delinquent in paying their assessments were charged \$19.95, \$20.20, \$20.45, or \$20.70 in fees following a missed monthly assessment payment (\$12.00 admin fee or collection cost and the variable late fee).

305. Gentry's Third Addendum to and Restatement of Declaration of Covenants, Conditions and Restrictions' Article V, Section 8 provides that:

Any assessments which are not paid when due shall be delinquent. The assessment shall bear interest from the date of delinquency at the legal rate of interest, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against such Owner's Lot, and interest, late charges, costs and reasonable attorney's fees or any such action shall be added to the amount of such assessment.

(CPD Ex. 32-C, at CPD039430).

306. Article XII of Gentry's Bylaws provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien up on the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate to be set by the Board by Subdivision Rule, and be subject to a late charge of five percent (5%) of the assessment . . . .

(CPD Ex. 32-D, at CPD39451-52). Article XV, Section 2 further provides that "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control."

(CPD Ex. 32-D, at CPD039453).

307. Gentry's Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Gentry were impermissible pursuant to the association's governing documents.

308. From 2016 through March 2018, at least twenty-seven homeowners delinquent in paying their monthly assessments were charged a total of \$3,882.55 in fees not permitted by the association's governing documents.

309. Gentry homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in Gentry's Declaration and Bylaws. Specifically, in 2016 and 2020, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-nine days after the assessment due date. In 2017, 2019, 2021, and 2022, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-eight days after the assessment due date.

#### Horizon Estates

310. Homeowners at the community of Horizon Estates were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 – 2018 = \$100.00
- 2019 – 2020 = \$103.00
- 2021 = \$106.00
- 2022 – 2024 = \$109.00

311. Horizon Estates' homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	April 16, July 20, and October 18
2021	January 16, April 16, July 16, and October 16
2022	January 19, April 19, July 16, and October 16
2023	January 16, April 16, July 16, and October 16

312. Horizon Estates' homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16

313. Horizon Estates' homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed quarterly assessment payment (\$12.00 collection cost and \$15.00 late fee).

314. Horizon Estates' Amended and Restated Declaration's Section 6.10.1 provides that:

Each Assessment or Assessment Installment shall bear interest on its unpaid balance from the 15th day after it becomes due, until paid, at a rate which is the lowest of (a) 18 percent per annum, compounded monthly, (b) any rate adopted by the Board of Directors or (c) the highest rate then permitted by law to be charged thereon. In addition, the Association may levy on the Owner and Lot in question a late charge for each Assessment or

Assessment Installment not paid within 15 days after it becomes due, in an amount determined by resolution of the Board of Directors but not exceeding any maximum amount permitted by law to be levied as such late charge. Such late charge shall thereupon automatically become part of such Assessment or Assessment Installment for purposes of this Declaration.

(CPD Ex. 33-C, at CPD040165-66).

315. Horizon Estates' Bylaws are silent on the consequences for the non-payment of monthly assessments.

316. Horizon Estates' Amended and Restated Declaration permits the Board of Directors to pass a resolution to charge delinquent homeowners a late charge for delinquent assessments. The Horizon Estates's Board of Directors has not passed any resolution regarding the payment of assessments and charging of late fees. Horizon Estates' Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Horizon Estates were impermissible pursuant to the association's governing documents.

317. From 2016 through March 2018, at least one hundred six Horizon Estates' homeowners delinquent in paying their monthly assessments were charged a total of \$10,974.00 in impermissible fees for delinquent assessment payments.

#### Hunt Meadows

318. Homeowners at the community known as Hunt Meadows were charged assessments on the first of each month, and each quarter on January 1, April 1, July 1, and October 1. Homeowners' assessments were as follows:

- 2016 = \$141.00 monthly and \$147.00 quarterly
- 2017 = \$150.00 both monthly and quarterly
- 2018 = \$150.00 monthly and \$159.00 quarterly
- 2019 = \$150.00 monthly and \$159.00 quarterly
- 2020 = \$160.00 monthly from January through June,  
\$139.00 monthly from July through December, and  
\$180.00 quarterly
- 2021 = \$148.00 monthly, and \$186.00 quarterly
- 2022 = \$203.00 monthly from January through April,  
\$69.00 monthly from May through December, and  
\$207.00 quarterly
- 2023 = \$71.00 or \$139.00 charged monthly
- 2024 = \$76.00 or \$139.00 charged monthly

319. Hunt Meadows' homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 27, February 25, March 25, April 25, May 25, June 27, July 25, August 25, September 27, October 25, November 28, and December 27
2017	January 25, February 27, March 27, April 25, May 25, June 26, July 25, August 25, September 26, October 25, November 28, and December 27
2018	January 26, February 27, March 27, April 25, May 25, June 25, July 25, August 27, September 25, October 25, November 26, and December 28
2019	January 25, February 26, March 25, April 25, May 28, June 26, July 25, August 26, September 25, October 25, November 25, and December 27
2020	January 28, 8 March 25, April 25, May 25, June 25, July 28, August 26, October 26, November 30, and December 29
2021	February 25, March 25, April 27, May 25, June 25, July 27, August 26, September 27, October 25, November 30, and December 28
2022	January 25, February 25, March 28, June 26, July 26, August 26, September 26, October 26, November 26, and December 26
2023	January 26, February 26, March 26, April 26, May 26, June 26, July 26, August 26, September 26, October 26, November 26, and December 26

320. Hunt Meadows' homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 27, February 25, March 25, April 25, May 26, June 27, July 25, August
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	25, September 27, October 25, November 28, and December 27
2017	January 25, February 27, March 27, April 25, May 25, June 26, July 25, August 25, September 26, October 25, November 28, and December 27
2018	January 26, February 27, March 27, April 25, May 25, June 25, July 25, August 27, September 25, October 25, November 26, and December 28
2019	January 25

321. Hunt Meadows' homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$15.00 late fee).

322. Hunt Meadows' Declaration of Covenants, Conditions and Restrictions' Article XII, Section 10 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, *upon resolution of the Board*, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and *may, by resolution of the Board*, subject the Member obligated to pay the same to the payment of such penalty of "late charge" as the Board may fix.

(CPD Ex. 34-C, at CPD041113) (emphasis added).

323. Article XI of Hunt Meadows' Bylaws provides:

As more fully provided in the Declarations, each Owner is obligated to pay to the Association assessments which are secured by a continuing lien upon the Lot against which the assessment is made. If the assessment is not paid on the due date, the assessment shall bear interest from the date of delinquency at such legal rate as may be specified by the Board . . . .

(CPD Ex. 34-D, at CPD0411143). Article XIII, Section 5 further provides, "These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control . . . ." (CPD Ex. 34-D, at CPD041144).

324. On October 17, 1995, Hunt Meadows' Board of Directors adopted a Resolution regarding the collecting of assessments, which provides, "All assessment installments not received by the Association by the tenth (10th) day of the month shall be deemed delinquent and the management company shall charge the delinquent member a fifteen dollar (\$15.00) late fee . . . ." (CPD Ex. 34-E, at CPD041147).

325. Hunt Meadows' Declaration provides that the Board of Directors may charge delinquent homeowners. Pursuant to the authority provided in the Declaration, the Board of Directors provided for a \$15.00 late charge after ten days of delinquency. The MHAA restricts late charges to after fifteen days of delinquency. The maximum fee Hunt Meadows could be charged for delinquent assessments was \$15.00 after fifteen days delinquent.

326. From 2016 through March 2018, at least eighty-one homeowners delinquent in paying their monthly assessments were charged a total of \$2,688.00 in excess fees.

#### Howard's Ridge

327. Homeowners at the community known as Howard's Ridge were charged assessments on the first of each month. The homeowner account histories reflect that Howard's Ridge homeowners were charged the following monthly assessments:

- 2016 = \$55.00
- 2017 = \$60.00
- 2018 = \$66.00
- 2018 – 2023 = \$72.00
- 2024 = \$79.00

328. Howard's Ridge homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 17, May 17, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

329. Howard’s Ridge’s Declaration of Covenants, Conditions and Easements’ Article

V, Section 9 provides that:

Any assessment not paid within thirty (30) days after the date established by the Board of Directors shall bear interest from the due date at the rate of eight percent (8%) per annum and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable, notice of exercise of such right hereby being expressly waived by the Owner.

(CPD Ex. 35-C, at CPD042824).

330. Howard’s Ridge Bylaws’ Article X provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment may bear interest from the date of delinquency at the rate established by the Board of Directors, up to the maximum rate permitted by law (or such lesser sum as VA or FHA may specify if any Lot is insured by FHA or guaranteed by VA) . . . .

(CPD Ex. 35-D, at CPD042909). Article XIX, Section 2 of the Bylaws further provide, “These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. . . . In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control . . . .” (CPD Ex. 35-D, at CPD042914).

331. Howard’s Ridge’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. As such, all fees charged to delinquent homeowners at Howard’s Ridge were impermissible pursuant to the association’s governing documents.

332. From 2016 through March 2018, at least forty-eight Howard’s Ridge homeowners delinquent in paying their assessment were charged a total of \$3,528.00 in fees that were not permitted by the Declaration.

#### Jason’s Landing

333. Homeowners at the community of Jason’s Landing were charged assessments on the first of the month. The homeowner account histories reflect that Jason’s Landing homeowners were charged the following monthly assessments:

- 2016 – 2019 = \$80.00
- 2020 = \$85.00
- 2021 – 2023 = \$90.00
- 2024 = \$99.00

334. Jason’s Landing homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, May 16, June 18, July 16, August 16, September 17, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, November 17, and December 16
2021	January 18, February 17, April 16, May 18, June 16, July 20, September 16, October 18, November 16, and December 16
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, and December 16
2023	January 16, February 16, March 16, April 16 May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

335. Jason’s Landing’s Declaration of Covenants, Conditions, Restrictions and Easements’ Article IV, Section 8 provides, “Any assessment not paid when due shall bear interest from the due date at the rate of eighteen (18.0%) per annum.” (CPD Ex. 36-C, at CPD044517).

336. Article XI of Jason’s Landing Bylaws provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18.0%) per annum . . . .

(CPD Ex. 36-D, at CPD044533). Article XII, Section 2 further provides that “in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.” (CPD Ex. 36-D, at CPD044533).

337. Jason’s Landing’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-

judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Jason’s Landing were impermissible pursuant to the association’s governing documents.

338. From 2016 through March 2018, at least twenty-two Jason’s Landing homeowners delinquent in paying their assessment were charged a total of \$792.00 in fees that were not permitted by the Declaration and Bylaws.

Crofton Village Knolls, Section 7

- Homeowners at the community of Crofton Village Knolls, Section 7 were charged assessments on the first of each month. The homeowner account histories reflect that Crofton Village Knolls, Section 7 homeowners were charged the following monthly assessments: 2016 = \$70.00

- 2017 – 2018 = \$75.00
- 2019 – 2020 = \$82.00
- 2021 = \$90.00
- 2022 = \$99.00
- 2023 = \$108.00
- 2024 = \$118.00

339. Crofton Village Knolls, Section 7 homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August

	18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16 May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

340. Crofton Village Knolls, Section 7 homeowners delinquent in paying their assessments were also charged a \$5.00 late fee. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, and May 16

341. Crofton Village Knolls, Section 7’s Declaration of Covenants, Conditions and Restrictions’ Article VI, Section 1 provides, “Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, shall bear interest at a rate of ten percent (10%) per annum.” (CPD Ex. 37-C, at CPD045462).

342. Article XIII of Crofton Village Knolls, Section 7’s Bylaws provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessments is not paid within (10) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum . . . .

(CPD Ex. 37-D, at CPD045484). Article XIV, Section 2 further provides “in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.” (CPD Ex. 37-D, at CPD045484).

343. Crofton Village Knolls, Section 7’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Crofton Village Knolls, Section 7 were impermissible pursuant to the association’s governing documents.

344. From 2016 through March 2018, at least forty Crofton Village Knolls, Section 7 homeowners delinquent in paying their assessment were charged a total of \$3,667.00 in fees that were not permitted by the Declaration or Bylaws.

Crofton Village Knolls, Section 8

345. Homeowners at the community known as Crofton Village Knolls, Section 8 were charged assessments on the first of each month. The homeowner account histories reflect that Crofton Village Knolls, Section 8 homeowners were charged the following monthly assessments:

- 2016 = \$72.00
- Jan. 2017 – Nov. 2017 = \$75.00
- Dec. 2017 = \$79.00
- 2018 – 2020 = \$79.00
- 2021 = \$83.00
- 2022 = \$87.00
- 2023 = \$107.00
- 2024 = \$110.00

346. Crofton Village Knolls, Section 8 homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

347. Crofton Village Knolls, Section 8’s Declaration Article VI, Section 1 provides, “Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, shall bear interest at a rate of ten percent (10%) per annum.” (CPD Ex. 38-C, at CPD046268).

348. Article XIII of Crofton Village Knolls, Section 8’s Bylaws provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within (10) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum . . . .

(CPD Ex. 38-D, at CPD046290).

349. Crofton Village Knolls, Section 8's Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Crofton Village Knolls, Section 8 were impermissible pursuant to the association's governing documents.

350. From 2016 through 2024, at least thirty-three Crofton Village Knolls, Section 8 homeowners delinquent in paying their assessment were charged a total of \$2,496.00 in fees that were not permitted by the Declaration.

Kingsport

351. Homeowners at the community of Kingsport were charged quarterly assessments on January 1, April 1, July 1, and October 1 of each year. Homeowners' quarterly assessments were as follows:

- 2016 – 2020 = \$417.60
- 2021 – 2022 = \$430.00
- 2023 = \$475.00
- 2024 = \$500.00

352. Kingsport homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 21, February 8, April 21, May 6, July 21, August 4, October 21, and November 4,
2017	January 23, April 24, May 5, July 21, October 23, and November 11
2018	January 22, April 23, July 23, August 16, and October 22
2019	January 21, April 22, May 7, July 22, August 2, October 21, and November 4
2020	January 22, February 4, April 21, May 4, July 21, August 5, and October 23
2021	February 2, April 21, May 4, July 21, August 5, October 21, and November 4

2022	February 2, April 21, July 21, August 21, October 21, and November 21
2023	January 21, February 21, April 21 August 21, October 21, and November 21
2024	January 21

353. Kingsport homeowners delinquent in paying their assessments were also charged various late fees following a missed monthly assessment payment as follows:

2016 – 2020	\$41.76	January 21, April 21, July 21, and October 21 (2016) January 23, April 24, July 21, and October 23 (2017) January 22, April 23, July 23, and October 22 (2018) January 21, April 22, July 22, and October 21 (2019) January 22 (2020)
2021	\$43.00	April 21, July 21, and October 21
2022	\$43.00	April 21, July 21, and October 21
2023	\$47.50	January 21, April 21, and October 21
2024	\$50.00	January 21

354. From 2016 through 2020, Kingsport homeowners were charged \$53.76 in fees for missed assessment payments (\$12.00 collection cost and \$41.76 late fee). In 2021 and 2022, Kingsport homeowners were charged \$43.00 in fees for missed assessment payments (\$12.00 collection cost and \$55.00 late fee). In 2023, Kingsport homeowners were charged \$59.50 in fees for missed assessment payments (\$12.00 collection cost and \$47.50 late fee). In 2024, Kingsport homeowners were charged \$62.00 in fees for missed assessment payments (\$12.00 collection cost and \$50.00 late fee).

355. Kingsport’s Declaration of Covenants, Conditions, Easements and Restrictions’ (also referred to as the Community Constitution) Article 6, Section 6.1 provides that:

Any Assessment levied by the Association pursuant to the Governing Documents which is not paid within fifteen (15) days after the due date established for such Assessment by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland. The Board of Directors may also impose a reasonable late fee against any Owner (an such Owner’s Living Unit) for failure to pay any Assessment within fifteen (15) days after the due date for such Assessment.

(CPD Ex. 39-C, at CPD046998).

356. Kingsport's Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article 15, Section 15.1 provides, "These Bylaws are subordinate and subject to all provisions of the Community Constitution and to the provisions of the Articles of Incorporation of the Association. In the event of any conflict between these Bylaws and the Community Constitution, the provisions of the Community Constitution shall control . . . ." (CPD Ex. 39-D, at CPD047048).

357. In 2006, Kingsport's Board of Directors adopted Policy Resolution No. 1-2006 regarding the charging and collecting of assessments, which provides:

If an Owner fails to pay any Assessment within fifteen (15) days after the due date a late charge shall be assessed in the amount of Fifteen Dollars (\$15.00) or one-tenth (1/10<sup>th</sup>) of the total amount of any delinquent Assessment, whichever is greater. Any Assessment unpaid fifteen (15) days after the due date shall also thereafter accrue interest at the rate of eight percent (8%) per annum until paid . . . .

(CPD Ex. 39-E, at CPD047056).

358. Kingsport's Declaration and Policy Resolution permit delinquent homeowners to be charged either \$15.00 or 10% of the assessment. From 2016 through 2024, Kingsport's quarterly assessment was greater than \$150.00, as such the maximum amount delinquent homeowners could be charged was 10% of the assessment. From 2016 through 2020, the maximum amount delinquent homeowners could be charged was \$41.76 (10% of the \$417.60 quarterly assessment). In 2021 and 2022, the maximum amount delinquent homeowners could be charged was \$43.00 (10% of the \$430.00 quarterly assessment). In 2023, the maximum amount delinquent homeowners could be charged was \$47.50 (10% of

the \$475.00 quarterly assessment). In 2024, the maximum amount delinquent homeowners could be charged was \$50.00 (10% of the \$500.00 quarterly assessment).

359. From 2016 through March 2018, at least forty-two Kingsport homeowners delinquent in paying their assessments were charged a total of \$1,566.72 in fees that exceeded 10% of the delinquent assessment payment.

360. Kingsport homeowners were also charged twice for the same delinquent quarterly assessment payment. In 2016, homeowners delinquent in paying their quarterly assessment were charged a second fee on April 1, May 6, August 4, and November 4. In 2017, homeowners delinquent in paying their quarterly assessment were charged a second fee on May 5 and November 7. In 2018, homeowners delinquent in paying their quarterly assessment were charged a second fee on August 6. In 2019, homeowners delinquent in paying their quarterly assessment were charged a second fee on May 7, August 2, and November 4. In 2020, homeowners delinquent in paying their quarterly assessment were charged a second fee on February 4, May 4, and August 5. In 2021, homeowners delinquent in paying their quarterly assessment were charged a second fee on May 4, August 5, and November 4. In 2022, homeowners delinquent in paying their quarterly assessment were charged a second fee on August 21 and November 21. In 2023, homeowners delinquent in paying their quarterly assessment were charged a second fee on February 21 and November 21.

#### Landings at River Oaks

361. Homeowners at the community of Landings at River Oaks were charged assessments on the first of each month. From 2016 through 2022, homeowners' monthly assessments were \$170.00.

362. Landings at River Oaks’s homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 3, March 1, March 31, May 1, June 1, July 1, August 31, October 3, October 31, and December 1
2017	January 3, January 31, March 3, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, and December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2, and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, July 31, October 1, December 1, and December 31
2021	January 31, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 1, November 1, December 1, and December 31
2022	January 31, March 1, and March 31

363. Landings at River Oaks’s homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1, March 1, March 31, May 1, June 1, July 1, August 1, August 31, October 3, October 31, and December 1
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31, August 31, October 1, October 31, and December 1
2018	January 1, January 31, March 5, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2, and December 31
2020	January 31

364. From 2016 through January of 2020, Landings at River Oaks’s homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$15.00 late fee).

365. Landings at River Oaks's Amended and Restated Declaration of Covenants, Conditions and Restrictions' Article VIII, Section 8.8 provides that:

Any assessment or portion thereof not paid within (30) days after the due date thereof shall be delinquent and shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and shall be subject to a late charge of Fifteen Dollars (\$15.00) or ten percent (10%) of the assessment, whichever is greater, and the Association shall have the right to declare the entire balance of the assessment and accrued interest thereon to be immediately due and payable.

(CPD Ex. 40-C, at CPD047962-63).

366. Article XII of the Landings at River Oaks's Amended and Restated Bylaws provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments or portions thereof which are no[t] paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum . . . and shall be subject to a late charge of ten Dollars (\$10.00) per month until paid or ten percent (10%) of the Assessment, whichever is greater, and the Association may declare the entire balance of the Assessment immediately due and payable.

(CPD Ex. 40-D, at CPD047981-82). Additionally, Article XIII, Section 2 provides "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control." (CPD Ex. 40-D, at CPD047982).

367. The Landings at River Oaks's Declaration permits delinquent homeowners to be charged either \$15.00 or 10% of the assessment. While The Landings at River Oaks's Amended and Restated Bylaws provide that a late charge of \$10.00 or 10% of the

assessment may be charged for delinquent assessment payments, this conflicts with the Amended and Restated Declaration. As such, the Declaration controls.

368. From 2016 through 2020, the maximum fee charged for homeowners delinquent in paying their assessments was \$17.00 (10% of the \$170.00 monthly assessment).

369. From 2016 through March 2018, at least eleven Landings at River Oaks's homeowners delinquent in paying their monthly assessments were charged a total of \$277.00 in excess fees.

#### Leishear Village

370. Homeowners at the community of Leishear Village were charged assessments on the first of each month. In 2016, Leishear Village homeowners' monthly assessments were \$57.00.

371. Leishear Village homeowners delinquent in paying their assessments were charged \$12.00 collection costs. In 2016, the homeowner account histories reflect that delinquent homeowners were charged administrative fees or collection costs on January 1, February 17, March 16, and April 18.

372. Leishear Village homeowners delinquent in paying their assessments were also charged a \$5.00 late fee following a missed monthly assessment payment. In 2016, the homeowner account histories reflect that delinquent homeowners were charged late fees on January 18, February 17, March 16, and April 18.

373. Leishear Village homeowners delinquent in paying their assessments were charged \$17.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$5.00 late fee).

374. Leishear Village's Amended Declaration of Covenants, Easements and Restrictions' Article IV, Section 7 provides that:

Any assessment not paid within fifteen (15) days after the due date shall bear interest from the due date at the rate of ten (10%) percent per annum, plus a late fee of no more than \$5.00 per month. Notice after fifteen (15) days past due shall be given to the owner in writing or by posting the building. Any assessment over fifteen (15) days past due shall be considered late, subject to late fee and interest from the payment date.

(CPD Ex. 41-C, at CPD048994).

375. Leishear Village's Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article XII, Section 2 of the Bylaws provide that "in the case of any conflict between the Declaration and the Articles of Incorporation or these By-Laws the Declaration shall control." (CPD Ex. 41-D, at CPD049010).

376. Leishear Village's Declaration only permits delinquent homeowners to be charged a \$5.00 fee. The Declaration further provides that the fee may be charged after 10 days; however, MHAA section 11B-112.1 does not permit a late charge until after fifteen days. As such, delinquent homeowners at Leishear Village can be charged \$5.00 after fifteen days.

377. From 2016 through March 2018, at least twelve Leishear Village homeowners delinquent in paying their monthly assessments were charged a total of \$357.00 in excess fees.

#### Lancaster Townhomes

378. Homeowners at the community known as Lancaster Townhomes were charged assessments as follows:

- February 2019 – August 2019: bimonthly assessments on February 1, April 1, June 1, and August 1 = \$217.00

- 2020 – 2022: quarterly assessments on January 1, April 1, July 1, and October 1 = \$238.50
- February 2023 – August 2023: bimonthly assessments on February 1, April 1, June 1, and August 1 = \$271.00

379. Lancaster Townhomes’ homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2019	July 1, September 1, and November 1
2020	January 31, May 1, July 31, and November 2
2021	January 31, May 3, August 1, and November 1
2022	March 1 and September 3
2023	March 3, May 3, July 3, and September 3

380. Lancaster Townhomes’ Declaration of Covenants, Conditions and Restrictions and Reservations of Easements’ Article IV, Section 4.08 provides that:

- (a) When Delinquent. If any Owner fails to pay any part of any Assessment within thirty (30) days after the due date (as defined in Section 4.06), the unpaid amount shall be deemed “Delinquent”, and the Owner shall be deemed “Delinquent” in the payment of that amount.
- (b) Interest Charges. Any Delinquent amount shall automatically bear interest at the highest rate charged by the United States Government for late payment of Federal Income Taxes or at the highest rate legally permissible under Maryland law, whichever is less.

(CPD Ex. 42-B, at CPD049038).

381. Lancaster Townhomes’ Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article VII, Section 7.04 provides, “These Bylaws shall be construed and interpreted in a manner which is consistent with the terms and provisions of the Articles of Incorporation and the Declaration. The terms and provisions of the Articles of Incorporation and the Declaration shall be controlling over any inconsistent provision contained in these Bylaws.” (CPD Ex. 42, at CPD049071).

382. Lancaster Townhomes' Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Lancaster Townhomes were impermissible pursuant to the association's governing documents.

Lake Village Manor

383. Homeowners at the community known as Lake Village Manor were charged quarterly assessments on January 1, April 1, July 1, and October 1. The homeowner account histories reflect that Lake Village Manor homeowners were charged the following assessments:

- 2016 = \$176.00
- 2017 = \$185.00
- 2018 – 2023 = \$199.00
- 2024 = \$203.00

384. Lake Village Manor homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, May 1, August 1, and October 31
2017	January 31, May 1, July 31, and November 3
2018	January 31, May 1, July 31, and October 31
2019	January 31, May 1, July 31, and October 31
2020	January 31 and May 1
2021	January 31, May 3, and November 1
2022	January 31, August 3, and November 3
2023	February 3, May 3, August 3, and November 3

385. Lake Village Manor's Declaration of Covenants, Conditions, and Restrictions Article V, Section 8 provides, "Any assessment which are not paid when due shall be

delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum . . . .” (CPD Ex. 43-C, at CPD049756).

386. Lake Village Manor’s Bylaws do not address any amounts that may be charged to a homeowner delinquent in paying their assessments. The Bylaws further provide that “in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.” (CPD Ex. 43-D, at CPD049790).

387. Lake Village Manor’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Lake Village Manor were impermissible pursuant to the association’s governing documents.

388. From 2016 through March 2018, at least one hundred thirty-two Lake Village Manor’s homeowners delinquent in paying their assessment were charged a total of \$5,748.00 in fees not permitted by the association’s governing documents.

Millbrook

389. Homeowners at the community known as Millbrook were charged assessments on the first of every month. Homeowners’ monthly assessments were as follows:

- 2016 = \$65.40
- 2017 – 2019 = \$66.00
- 2020 = \$75.00
- 2021 = \$86.00
- 2022 = \$94.00
- 2023 = \$103.00
- 2024 = \$113.00

390. Millbrook homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2017	October 17, and November 16
2018	January 17, February 16, March 16, April 18, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 15, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 1, April 16, May 18, June 16, July 16, August 18, September 18, October 16, November 17, and December 16
2021	February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

391. Millbrook homeowners delinquent in paying their assessments were also charged a \$10.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 16, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, and February 18

392. In 2016, Millbrook homeowners were charged \$10.00 for delinquent assessment payments. From 2017 through February 2020, Millbrook homeowners were charged \$22.00 in fees for delinquent assessment payments (\$12.00 collection cost and \$10.00 late

fee). From March 2020 through January 2024, Millbrook homeowners were charged \$10.00 for delinquent assessment payments.

393. Millbrook's Declaration of Covenants and Restrictions' Article VI, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, *upon resolution of the Board of Directors*, bears interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix . . . .

(CPD Ex. 44-C, at CPD051127).

394. Millbrook's Bylaws are silent on the consequences for the non-payment of monthly assessments; however Article X, Section 1 provides, "These By-Laws are subordinate and subject to all provisions of the Declaration . . . . In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control . . . ." (CPD Ex. 44-D, at CPD051168).

395. The Millbrook Declaration permits the Board of Directors, at its discretion, and by resolution, to charge delinquent homeowners interest on delinquent assessment payments. The Millbrook Board of Directors has not passed any resolution regarding the payment of assessments and charging of late fees. The charges to delinquent homeowners at Millbrook were impermissible pursuant to the association's governing documents.

396. From 2016 through March 2018, at least one hundred seventy-five Millbrook homeowners delinquent in paying their monthly assessments were charged a total of \$18,775.00 in fees not permissible pursuant to the association's governing documents for delinquent assessment payments.

Melwood Park

397. Homeowners at the community known as Melwood Park were charged quarterly assessments on January 1, April 1, July 1, and October 1. The homeowner account histories reflect that Melwood Park homeowners were charged the following quarterly assessments:

- 2016 – 2018 = \$83.00 or \$132.00
- 2019 – 2020 = \$87.00 or \$139.00
- 2021 – 2022 = \$137.00 or \$194.00

398. Melwood Park homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16, April 16, July 16, and October 16
2021	January 18, April 16, July 20, October 16, and November 1
2022	January 19, April 19, July 16, and October 16

399. Melwood Park homeowners delinquent in paying their assessments were also charged \$15.00 late fees. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 1, May 1, and October 31
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 17, July 31, and October 31
2019	January 16, January 31, May 1, July 31, and October 31
2020	January 3

400. Melwood Park’s Declaration of Covenants, Easements and Restrictions’ Article V, Section 5.08 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the rate of six percent (6%) per

annum, or at the highest legal rate of interest then allowable by law.” (CPD Ex. 45-C, at CPD053989).

401. Melwood Park’s Bylaws do not address the consequences of homeowners failing to pay their assessments.

402. Melwood Park’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment after thirty days. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Melwood Park were impermissible pursuant to the association’s governing documents.

403. From 2016 through March 2018, at least two hundred forty-four Melwood Park homeowners delinquent in paying their assessment were charged a total of \$21,663.00 in fees that were not permitted by the Declaration.

404. Melwood Park homeowners delinquent in paying their quarterly assessments were also charged fees before the thirty days provided for in the Declaration. Specifically, homeowners delinquent in paying their quarterly assessment from 2016 through 2022 were charged fees on or about the 16th of the month, and well before the thirty-day grace period.

Homeowners were charged fees before thirty days on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16, April 16, July 16, and October 16
2021	January 18, April 16, July 20, October 18, and November 1
2022	January 19, April 19, July 16, and October 16

405. Melwood Park homeowners were also charged twice for the same delinquent assessment payment. In 2018, homeowners delinquent in paying their quarterly assessments were charged late fees in July on both the 17th and the 31st. In 2019, homeowners delinquent in paying their quarterly assessment were charged late fees on January 16 and January 31. In 2021, homeowners delinquent in paying their quarterly assessments were charged administrative fees on both October 18 and November 1.

Millrace

406. Homeowners at the community of Millrace were charged semi-annual assessments on January 1 and July 1 of each year. The homeowner account histories reflect that Millrace homeowners were charged the following semi-annual assessments:

- 2016 = \$258.00
- 2017 – 2018 = \$308.00
- 2019 = \$283.00
- 2020 – 2022 = \$258.00
- 2023 – 2024 = \$300.00

407. Millrace homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1 and August 1
2017	January 31 and July 31
2018	February 1, July 31, August 31, and October 1
2019	January 31, March 4, April 1, July 31, September 1, and October 1
2020	January 31, March 2, March 31, July 31, August 31, and October 1
2021	January 31, March 3, March 31, August 1, August 31, and October 1
2022	January 31, March 1, March 31, August 3, September 3, and October 3
2023	February 3, March 3, April 4, August 3, September 3, and October 3

408. Millrace’s Declaration of Covenants, Conditions and Restrictions’ Article VI, Section 8 provides, “Any assessment which is not paid when due shall be delinquent. If an

assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum . . . .” (CPD Ex. 46-C, at CPD056126).

409. Millrace’s Bylaws do not address the consequences of homeowners failing to pay their assessments.

410. Millrace’s Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Millrace were impermissible pursuant to the association’s governing documents.

411. From 2016 through March 2018, at least eighty-five Millrace homeowners delinquent in paying their assessment were charged a total of \$2,424.00 in fees that were not permitted by the Declaration.

Olde Mill III Condominium

412. Homeowners at the community of Olde Mill III Condominium were charged assessments on the first of each month. The homeowner account histories reflect that Olde Mill III Condominium homeowners were charged the following monthly assessments:

- 2016 = \$175.00
- 2017 = \$180.00
- 2018 = \$186.00
- 2019 = \$189.00
- 2020 – 2022 = \$198.00
- 2023 = \$205.00
- 2024 = \$210.00

413. Olde Mill III Condominium homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

414. Olde Mill III Condominium homeowners delinquent in paying their assessments were also charged \$15.00 late fees. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, and May 16

415. Article IX, Section 4 of Olde Mill III Condominium’s Bylaws provides, “Any assessment, or installment thereof, not paid when due shall bear interest, from the date when due until paid, at the rate not exceeding the maximum permissible legal rate per annum.” (CPD Ex. 47-C, at CPD056945).

416. Olde Mill III Condominium’s Bylaws only permit the charging of interest at 18% per annum to homeowners delinquent in paying their monthly assessment, consistent with section 11-110(e) of the MCA. The fees charged to delinquent homeowners at Olde Mill III Condominium were impermissible pursuant to the association’s governing documents.

417. From 2016 through March 2018, at least seventy Olde Mill III Condominium homeowners delinquent in paying their assessment were charged a total of \$13,125.00 in fees that were not permitted by the Bylaws.

Oak Pond

418. Homeowners at the community known as Oak Pond were charged quarterly assessments on January 1, April 1, July 1, and October 1. From 2016 through 2018, Oak Pond homeowners’ assessments were \$100.00 per quarter.

419. Oak Pond homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17

420. Oak Pond homeowners delinquent in paying their assessments were also charged a \$10.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17

421. Oak Pond homeowners delinquent in paying their assessments were charged \$22.00 in fees following a missed quarterly assessment payment (\$12.00 collection cost and \$10.00 late fee).

422. Oak Pond's Amendment to Declaration Article VIII, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid when due shall bear interest from the date when due until paid at the maximum rate allowed by Law. A late charge of \$15.00 or one tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater will be imposed for any delinquent assessment or installment, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least fifteen (15) calendar days.

(CPD Ex. 48-C, at CPD058171-72).

423. Oak Pond's Bylaws are silent on the consequences for the non-payment of monthly assessments.

424. Oak Pond's Declaration permits delinquent homeowners to be charged a late fee of \$15.00 or 10% of the quarterly assessment. From 2016 through 2018, the maximum fee that could be charged to homeowners delinquent in paying their assessments was \$15.00 (10% of the monthly assessment would either be \$10.00, which was less than the \$15.00 alternative provided for in the Declaration).

425. From 2016 through March 2018, at least one hundred sixty-four Oak Pond homeowners delinquent in paying their monthly assessments were charged a total of \$4,417.00 in excess fees.

Patuxent Glen

426. Homeowners at the community known as Patuxent Glen were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 – 2017 = \$55.00
- 2018 – 2019 = \$58.00

427. Patuxent Glen homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 17, May 17, August 16, October 3, and November 16
2017	February 16, May 16, August 16, and November 16
2018	February 16, May 16, August 16, and November 16
2019	February 18, May 16, August 16, and November 16

428. Patuxent Glen homeowners delinquent in paying their assessments were, also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	February 17, May 17, August 16, and November 16
2017	February 16, May 16, August 16, and November 16
2018	February 16, May 16, August 16, and November 16
2019	February 18, and May 16

429. Patuxent Glen homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$15.00 late fee).

430. Patuxent Glen's Declarations of Covenants, Conditions and Restrictions' Article V, Section 5.8 provides that:

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate equal to the maximum rate of interest permitted under the laws of the State of Maryland (or such lesser sum as VA and/or FHA may specify if any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by VA or insured by FHA). The Association may also charge a reasonable late fee against any Owner (and/or such Owner's Lot) who is more than ten (10) days delinquent in the payment of any assessment.

(CPD Ex. 49-C, at CPD058226).

431. Article XIII of Patuxent Glen's Bylaws further provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate permitted by law . . . .

(CPD Ex. 49-D, at CPD058272). Article XVI further clarifies that:

These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control . . . .

((CPD Ex. 49-D, at CPD058272).

432. Patuxent Glen's Declaration permits delinquent homeowners to be charged a reasonable late fee as limited by section 11B-112.1 of the MHAA, which cannot exceed "\$15 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater." From 2016 through 2019, the maximum fee charged to Patuxent Glen homeowners delinquent in paying their assessments was \$15.00 (10% of the quarterly

assessment would either be \$5.50 or \$5.80, which is less than the \$15.00 alternative provided for in MHAA section 11B-112.1).

433. From 2016 through March 2018, at least forty Patuxent Glen homeowners delinquent in paying their monthly assessments were charged a total of \$1,206.00 in excess fees.

434. Patuxent Glen homeowners were also charged twice for the same delinquent assessment payment. In 2016, at least seven homeowners delinquent in paying their July quarterly assessment were charged fees on August 16 and October 3.

Piney Station

435. Homeowners at the community known as Piney Station were charged quarterly assessments on January 1, April 1, July 1, and October 1. The homeowner account histories reflect that Piney Station homeowners were charged the following quarterly assessments:

- 2016 = \$222.00
- 2017 = \$183.00
- 2018 = \$188.00
- 2019 = \$194.00
- 2020 = \$200.50
- 2021 = \$206.00
- 2022 – 2024 = \$210.00

436. Piney Station homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 4, February 1, March 1, May 1, June 1, July 1, August 1, September 1, November 1, and December 1
2017	January 3, February 1, March 1, April 1, May 1, June 1, July 1, August 1, September 1, October 1, November 1, and December 1
2018	January 1, February 1, March 5, April 1, May 1, June 1, July 1, August 1, September 4, October 1, November 1, and December 3

2019	January 1, February 1, March 1, April 1, May 1, June 1, July 1, August 1, September 1, October 1, November 1, and December 2
2020	January 2, February 3, March 2, April 1, May 1, June 1, July 1, August 1, September 1, October 1, November 2, and December 1
2021	January 4, February 3, March 1, April 1, May 4, June 1, July 1, August 1, September 1, October 1, November 1, and December 1
2022	February 1, March 1, April 1, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2024	January 3

437. Piney Station’s Declaration of Covenants, Conditions and Restrictions’ Article IV, Section 8 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum.” (CPD Ex. 50-C, at CPD058660).

438. Article XI of Piney Station’s Bylaws likewise provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum . . . .

(CPD Ex. 50-D, at CPD058752).

439. Piney Stations’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Piney Station were impermissible pursuant to the association’s governing documents.

440. From 2016 through March 2018, at least ninety-seven Piney Station homeowners delinquent in paying their assessment were charged \$4,824.00 in fees that were not permitted by the Declaration or Bylaws.

441. Piney Station homeowners were also charged multiple times for the same delinquent quarterly assessment as follows:

2016	January 4 (for the October 2015 quarterly assessment) March 1 (for the January 2016 quarterly assessment) June 1 (for the April 2016 quarterly assessment) July 1 (for the April 2016 quarterly assessment) September 1 (for the July 2016 quarterly assessment) December 1 (for the October 2016 quarterly assessment)
2017	January 3 (for the October 2016 quarterly assessment) March 1 (for the January 2017 quarterly assessment) April 1 (for the January 2017 quarterly assessment) June 1 (for the April 2017 quarterly assessment) July 1 (for the April 2017 quarterly assessment) September 1 (for the July 2017 quarterly assessment) October 1 (for the July 2017 quarterly assessment) December 1 (for the October 2017 quarterly assessment)
2018	January 1 (for the October 2017 quarterly assessment) March 5 (for the January 2018 quarterly assessment) April 1 (for the January 2018 quarterly assessment) June 1 (for the April 2018 quarterly assessment) July 1 (for the April 2018 quarterly assessment) September 4 (for the July 2018 quarterly assessment) October 1 (for the July 2018 quarterly assessment) December 3 (for the October 2018 quarterly assessment)
2019	January 1 (for the October 2018 quarterly assessment) March 1 (for the January 2019 quarterly assessment) April 1 (for the January 2019 quarterly assessment) June 1 (for the April 2019 quarterly assessment) July 1 (for the April 2019 quarterly assessment) September 1 (for the July 2019 quarterly assessment) October 1 (for the July 2019 quarterly assessment) December 2 (for the October 2019 quarterly assessment)
2020	January 2 (for the October 2019 quarterly assessment) March 2 (for the January 2020 quarterly assessment) April 1 (for the January 2020 quarterly assessment) June 1 (for the April 2020 quarterly assessment) July 1 (for the April 2020 quarterly assessment) September 1 (for the July 2020 quarterly assessment)

	October 1 (for the July 2020 quarterly assessment) December 1 (for the October 2020 quarterly assessment)
2021	January 4 (for the October 2020 quarterly assessment) March 1 (for the January 2021 quarterly assessment) April 1 (for the January 2021 quarterly assessment) June 1 (for the April 2021 quarterly assessment) July 1 (for the April 2021 quarterly assessment) September 1 (for the July 2021 quarterly assessment) October 1 (for the July 2021 quarterly assessment) December 1 (for the October 2021 quarterly assessment)
2022	March 1 (for the January 2022 quarterly assessment) April 1 (for the January 2022 quarterly assessment) September 3 (for the July 2022 quarterly assessment) October 3 (for the July 2022 quarterly assessment) December 3 (for the October 2022 quarterly assessment)
2023	January 3 (for the October 2022 quarterly assessment) March 3 (for the January 2023 quarterly assessment) April 1 (for the January 2023 quarterly assessment) September 3 (for the July 2023 quarterly assessment) October 3 (for the July 2023 quarterly assessment) December 3 (for the October 2023 quarterly assessment)
2024	January 3 (for the October 2023 quarterly assessment)

Saddlebrook East

442. Homeowners at the community known as Saddlebrook East were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners' quarterly assessments were as follows:

- 2016 = \$123.00
- 2017 – 2018 = \$129.00
- 2019 = \$141.00
- 2020 = \$155.00

443. Saddlebrook East homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	February 1, May 1, August 1, and October 1
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31, May 1, July 31, and October 31

2020	January 31, May 1, July 31, and November 2
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444. Saddlebrook East homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed quarterly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	December 1, May 1, August 1, and October 1
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31, May 1, July 31, and October 31
2020	January 31

445. Saddlebrook East homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed quarterly assessment payment (\$12.00 collection cost and \$15.00 late fee).

446. Saddlebrook East’s First Amended Declaration of Covenants, Conditions and Restrictions’ Article III, Section 3.8 provides that:

Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum interest rate allowed by Maryland law per annum and the Board of Directors shall have the right to assess a late fee and/or to declare the entire balance of the Annual Assessment and accrued interest thereon to be immediately due and payable with notice of exercise of such right being waived by Owner.

(CPD Ex. 51-C, at CPD059840).

447. Article XII of Saddlebrook East’s Bylaws provides, “As more fully provided in the Declaration, . . . [i]f the assessment is not paid on the due date, the assessment shall bear interest from the date of delinquency at the maximum rate allowed by law, and be subject to a late fee to be established by the Board of Directors . . . .” (CPD Ex. 51-D, at CPD059904). Article XV, Section 2 of the Bylaws further provides that “in the case of

any conflict between the Declaration and the Articles or these By-Laws, the Declaration shall control.” (CPD Ex. 51-D, at CPD059906).

448. In 2007, Saddlebrook East’s Board of Directors passed a Policy Resolution regarding the collection of assessments, which provides:

Any assessment levied pursuant to the Declaration, or any installment thereof, which is not paid within thirty (30) days after it is due, shall bear interest at the rate of 6% from the due date. In addition, a late fee of \$15.00 may be assessed after the 15<sup>th</sup> day of the month the quarterly assessment is due, provided a late fee may only be imposed once for each delinquent assessment.

(CPD Ex. 51-E, at CPD059914).

449. Saddlebrook East’s Declaration and Bylaws permit the Board to impose a late fee on delinquent homeowners. Pursuant to the Board’s Policy Resolution, the maximum fee homeowners delinquent in paying their assessments could be charged was \$15.00.

450. From 2016 through March 2018, at least fifty-five Saddlebrook East homeowners delinquent in paying their quarterly assessments were charged a total of \$2,298.00 in excess fees.

#### Saddlebrook West

451. Homeowners at the community known as Saddlebrook West were charged quarterly assessments on January 1, April 1, July 1, and October 1. Homeowners’ quarterly assessments were as follows:

- 2012 = \$192.00
- 2013 – 2014 = \$207.00
- 2015 – 2019 = \$183.00

452. Saddlebrook West homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2012	January 31, April 30, July 31, and October 31
2013	January 31, April 30, July 31, and October 31
2014	January 31, May 1, July 31, and October 31
2015	February 1, April 30, July 31, and November 2
2016	February 1, May 1, August 1, and October 31
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31, May 1, July 31, and October 31

453. Saddlebrook West homeowners delinquent in paying their assessments were also charged a \$10.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2012	January 31, April 30, July 31, and October 31
2013	January 31, April 30, July 31, and October 31
2014	January 31, May 1, July 31, and October 31
2015	February 1, April 30, July 31, and November 2
2016	February 1, May 1, August 1, and October 31
2017	January 31, May 1, July 31, and October 31
2018	January 31, May 1, July 31, and October 31
2019	January 31

454. From 2012 through January 2019, Saddlebrook West homeowners delinquent in paying their assessments were charged \$22.00 in fees following a missed quarterly assessment payment (\$12.00 collection cost and \$10.00 late fee).

455. Saddlebrook West's Declaration of Covenants, Conditions and Restrictions' Article VIII, Section 8.9 provides that:

Any assessment or portion thereof not paid within thirty (30) days after the due date thereof shall be delinquent and shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum (unless such rate of interest is not legally allowable in which event the highest rate permitted by law shall be applicable), and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid, or ten percent (10%) of the assessment, whichever is greater . . . .

(CPD Ex. 52-C, at CPD060727).

456. Article XII of Saddlebrook West's Bylaws provide:

Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum (unless such rate of interest is not legally allowable in which event the highest rate permitted by law shall be applicable), and shall be subject to a late charge of Ten Dollars (\$10.00) per month until paid or ten percent (10%) of the Assessment, whichever is greater, and the Association may declare the entire balance of the assessment immediately due and payable.

(CPD Ex. 52-D, at CPD060755-56). Article XIII, Section 2 further provides that "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control." (CPD Ex. 52-D, at CPD060756).

457. Saddlebrook West's Declaration and Bylaws permit delinquent homeowners to be charged \$10.00 or 10% of the delinquent assessment, whichever is greater, after thirty days. In 2012, the maximum fee allowed to be charged to homeowners delinquent in paying their quarterly assessment was \$19.20 (10% of the quarterly \$192.00 assessment). In 2013 and 2014, the maximum fee allowed to be charged to homeowners delinquent in paying their quarterly assessment was \$20.70 (10% of the quarterly \$207.00 assessment). From 2015 through 2019, the maximum fee allowed to be charged to homeowners delinquent in paying their quarterly assessment was \$18.30 (10% of the quarterly \$183.00 assessment).

458. From 2012 through March 2018, at least one hundred eighty-four homeowners delinquent in paying their monthly assessments were charged a total of \$5,883.80 in excess fees.

459. Saddlebrook West homeowners delinquent in paying their quarterly assessments were also charged fees before the thirty days provided for in the Declaration

and Bylaws. Specifically, homeowners delinquent in paying their April quarterly assessment in 2012, 2013, and 2015 were charged fees on April 30, which was only twenty-nine days after the April 1 due date.

Saxony Square and Kingsley Hall

460. Homeowners at the community known as Saxony Square and Kingsley Hall were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$60.00
- 2017 – 2019 = \$63.00
- 2020 – 2022 = \$65.00

461. Saxony Square and Kingsley Hall homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 17, August 18, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 15, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, and April 19

462. Saxony Square and Kingsley Hall homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 17, August 18, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 15, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	February 18

463. From 2016 through February 2020, Saxony Square and Kingsley Hall homeowners delinquent in paying their assessments were charged \$27.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$15.00 late fee).

464. Saxony Square and Kingsley Hall’s Declaration of Covenants, Conditions and Restrictions’ Article 5, Section 5.8 provides that:

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. . . . The Association may also charge a reasonable late fee against any Owner (and/or such Owner’s Lot) who is more than ten (10) days delinquent in the payment of any assessment.

(CPD Ex. 53-C, at CPD062118).

465. Saxony Square and Kingsley Hall’s Bylaws provide:

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment may bear interest from the date of delinquency at the rate established by the Board of Directors, up to the maximum rate permitted by law . . . .

(CPD Ex. 53-D, at CPD062170). Article 16 of the Bylaws further provides that:

These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict

between these Bylaws and the Declaration, the provisions of the Declaration shall control . . . .

(CPD Ex. 53-D, at CPD062171).

466. Saxony Square and Kingsley Hall's Declaration and Bylaws permit delinquent homeowners to be charged a reasonable late fee as limited by MHAA section 11B-112.1. From 2016 through 2020, the maximum fee allowed to be charged to homeowners delinquent in paying their assessments was \$15.00.

467. From 2016 through March 2018, at least ninety-five Saxony Square and Kingsley Hall homeowners delinquent in paying their monthly assessments were charged a total of \$10,278.00 in excess fees.

468. Saxony Square and Kingsley Hall homeowners delinquent in paying their monthly assessments were also charged fees before the fifteen days provided for in the Declaration. Specifically, homeowners delinquent in paying their May 2019 assessment were charged fees on May 15, which was only fourteen days after the May 1 due date.

Symphony Village

469. Homeowners at the community of Symphony Village were charged assessments on the first of each month. From 2016 through 2019, homeowners' monthly assessments were \$230.00.

470. Symphony Village homeowners delinquent in paying their assessments were charged a \$15.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2017	August 16, September 18, and October 17
2018	March 16, May 16, and June 18

471. Symphony Village homeowners delinquent in paying their assessments were also charged a \$25.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2017	August 16, September 18, and October 17
2018	March 16, May 16, and June 18

472. In 2017 and 2018, Symphony Village homeowners delinquent in paying their assessments were charged \$37.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$25.00 late fee).

473. Symphony Village’s Third Amendment to the Declaration of Covenants, Conditions and Restrictions’ Article 6, Section 6.5 provides, “Any assessment, installment, fine or charge levied by the Association in accordance with this Declaration if not paid within fifteen (15) days after the due date shall be delinquent and shall be assessed a late fee of \$25.00 or 1/10 of the assessment, whichever is greater . . . .” (CPD Ex. 54-J).

474. Symphony Village’s Declaration permits delinquent homeowners to be charged a late charge of \$25.00 or 10% of the assessment after fifteen days delinquent. The late charge permitted by the Declaration is limited by section 11B-112.1 of the MHAA to the extent the assessment was less than \$250.00. From 2016 through 2019, the maximum fee charged for homeowners delinquent in paying their assessments was \$23.00 (10% of the \$230.00 monthly assessment).

475. From 2016 through March 2018, at least fourteen Symphony Village homeowners delinquent in paying their monthly assessments were charged a total of \$313.00 in excess fees.

Stonewood

476. Homeowners at the community of Stonewood were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$55.00
- 2017 – 2018 = \$60.00
- 2019 = \$63.00
- 2020 = \$69.00
- 2021 – 2022 = \$72.00
- 2023 – 2024 = \$79.00

477. Stonewood homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 17, March 17, April 16, June 16, July 16, August 16, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 7, September 16, October 18, and November 16
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 19, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

478. Stonewood homeowners delinquent in paying their assessments were also charged a \$5.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August
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	16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, and November 18

479. Stonewood homeowners delinquent in paying their assessments were charged \$17.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$5.00 late fee).

480. Stonewood’s Declaration of Covenants, Conditions and Restrictions’ Article VI, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, *upon resolution of the Board of Directors*, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, *by Resolution of the Board of Directors*, subject the member obligated to pay the same to the payment of such penalty or “late charge” as the Board may fix . . . .

(CPD Ex. 55-C, at CPD066854) (emphasis added).

481. Stonewood Bylaws are silent on the consequences for the non-payment of monthly assessments.

482. The Stonewood Declaration permits delinquent homeowners to be charged a late fee after the Board of Directors passes a resolution. (CPD Ex. 55-C.) In 2002, the Board of Directors passed a resolution regarding the collection of assessments and permitted a late payment of \$5.00 for monthly assessments received after the twentieth of the month. From 2016 through 2024, the maximum fee charged for homeowners delinquent in paying their assessments was \$5.00 after twenty days.

483. From 2016 through March 2018, at least eighty-five Stonewood homeowners delinquent in paying their monthly assessments were charged a total of \$7,363.00 in excess fees.

484. Stonewood homeowners delinquent in paying their monthly assessments were also charged fees before the twenty days provided for in the Policy Resolution. From 2016 through 2024, Stonewood homeowners delinquent in paying assessments were always charged before twenty days had elapsed.

Crofton Meadows Townhouse 6

485. Homeowners at the community known as Crofton Meadows Townhouse 6 were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$72.00
- 2017 – 2019 = \$75.00
- 2020 – 2021 = \$78.00
- 2022 = \$85.80
- 2023 = \$94.00
- 2024 = \$103.00

486. Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August

	17, September 16, October 18, and November 16
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

487. Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessments were also charged a \$10.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, and May 16

488. Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessments were charged \$22.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$10.00 late fee).

489. Crofton Meadows Townhouse 6's Declaration of Covenants, Conditions and Restrictions' Article IV, Section 8 provides that:

Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the rate of Eighteen Percent (18%) per annum; provided, however, that if said interest rate is higher than that permitted by law, then the highest interest rate permitted by law shall be applicable. The Board may also impose a "late charge," the amount of which shall be determined by the Board.

(CPD Ex. 56-C, at CPD068627).

490. Article XIV of Crofton Meadows Townhouse 6's Bylaws provides:

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the day of delinquency at the rate of eighteen percent (18%) per annum, and the Association may impose a "late charge" . . . .

(CPD Ex. 56-D, at CPD068659). Article XVI of the Bylaws further provides that "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control." (CPD Ex. 56-D, at CPD068660).

491. In an undated Collection Policy, the Crofton Meadows Townhouse 6 provides: "1. Any assessment, or special assessments, payment not received within ten (10) days after the first of the month shall be termed delinquent. 2. At the time an assessment, or special assessment, becomes delinquent, a late charge of ten dollars (\$10.00) will be added to the account." (CPD Ex. 56-E, at CPD068665). The undated collection policy additionally indicates that a delinquency letter will be sent eleven days after the due date but does not include any charge for such notice.

492. Crofton Meadows Townhouse 6's Declaration permits the Board of Directors to elect to charge delinquent homeowners a late fee. Crofton Meadows Townhouse 6 in its Collection Policy elected to charge delinquent homeowners \$10.00 after ten days delinquent. MHAA section 11B-112.1 restricts when a homeowner can be charged a late fee to fifteen days after the delinquency begins. From 2016 through 2024, the maximum fee that could be charged to Crofton Meadows Townhouse 6 homeowners delinquent in paying their assessments was \$10.00.

493. From 2016 through March 2018, at least eighteen homeowners delinquent in paying their monthly assessments were charged a total of \$1,070.00 in excess fees.

Ternberry

494. Homeowners at the community of Ternberry were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 – 2020 = \$42.00, \$49.00, or \$78.00
- 2021 – 2024 = \$46.00, \$53.00, or \$82.00

495. Ternberry homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 20, February 18, March 17, April 19, May 17, June 20, July 19, August 18, September 21, October 18, November 17, and December 19
2017	January 18, February 20, March 17, April 18, May 17, June 20, July 18, August 17, September 18, October 17, November 17, and December 18
2018	January 17, February 21, March 20, April 17, May 17, June 16, July 17, August 17, September 18, October 17, November 19, and December 18
2019	January 17, February 19, March 19, April 17, May 16, June 18, July 17, August 19, September 18, October 17, November 19, and December 17
2020	January 17, February 18, March 17, April 21, May 20, June 18, July 20, August 18, September 17, October 23, November 17, and December 17
2021	January 18, February 17, March 17, April 20, May 18, June 17, July 20, August 17, September 17, October 19, November 17, and December 20
2022	January 19, February 18, March 17, April 19, June 18, July 18, August 18, September 18, October 18, November 18, and December 18
2023	January 18, February 18, March 18, April 18, June 18, July 18, August 18, September 18, October 18, November 18, and December 18
2024	January 18

496. Ternberry homeowners delinquent in paying their assessments were also charged a \$5.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 20, February 18, March 17, April 19, May 17, June 20, July 19, August 18, September 21, October 18, November 17, and December 19
2017	January 18, February 20, March 17, April 18, May 17, June 20, July 18, August 17, September 18, October 17, November 17, and December 18
2018	January 17, February 21, March 20, April 17, May 17, June 16, July 17, August 17, September 18, October 17, November 19, and December 18
2019	January 17, February 19, March 19, April 17, May 17, June 18, July 17, August

	19, September 18, October 17, November 19, and December 17
2020	January 17

497. From 2016 through January 2020, Ternberry homeowners delinquent in paying their assessments were charged \$17.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$5.00 late fee).

498. Ternberry’s Declaration of Covenants, Conditions and Restrictions’ Article IX, provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by the resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such reasonable “late charge” as the Board may establish . . . .

(CPD Ex. 57-C, at CPD069181-82).

499. Ternberry’s Bylaws are silent on the consequences for the non-payment of monthly assessments. Article XII, Section 1 of the Bylaws provides, “These Bylaws are subordinate and subject to all provisions of the Declaration. . . . In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control.”

(CPD Ex. 57-D, at CPD069260).

500. Ternberry’s Declaration permits delinquent homeowners to be charged a reasonable late fee as determined by the Board. Ternberry’s Board of Directors has not identified in writing any “late charge” that will be charged to delinquent homeowners. The fees charged to delinquent homeowners at Ternberry were impermissible pursuant to the association’s governing documents.

501. From 2016 through March 2018, at least seventy-five Ternberry homeowners delinquent in paying their monthly assessments were charged a total of \$7,253.00 in fees not permitted by the association's governing documents.

Town Center

502. Homeowners at the community known as Town Center were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2020 = \$93.00
- 2021 = \$97.00

503. Town Center homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2020	March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, and November 16

504. Town Center's Declaration of Covenants, Conditions and Restrictions' Article VI, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon Resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland (or such lower rate as may be required by VA Regulations) and may, by Resolution of the Board of Directors, subject the Member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix . . . .

(CPD Ex. 58-B, at CPD071272).

505. Town Center's Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article XVII, Section 1 of the Bylaws provide, "These By-

Laws are subordinate and subject to all provisions of the Declaration. . . . In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control . . . .” (CPD Ex. 58-C, at CPD071358).

506. Town Center’s Declaration permits delinquent homeowners to be charged a reasonable late fee as determined by the Board. Town Center’s Board of Directors has not identified in writing any “late charge” that will be charged to delinquent homeowners. The fees charged to delinquent homeowners at Town Center were impermissible pursuant to the association’s governing documents.

Crofton Village Town

507. Homeowners at the community of Crofton Village Town were charged assessments on the first of each month. The homeowner account histories reflect that Crofton Village Town’s homeowners were charged the following monthly assessments:

- 2016 = \$86.00
- 2017 – 2022 = \$90.00
- 2023 – 2024 = \$95.00

508. Crofton Village Town homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 17, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 16

2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

509. Crofton Village Town homeowners delinquent in paying their assessments were also charged \$5.00 late fees. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 16, October 16, November 16, and December 17

510. From 2016 through 2019, Crofton Village Town homeowners delinquent in paying their assessments were charged \$17.00 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$5.00 late fee). From 2020 through 2024, Crofton Village Town homeowners delinquent in paying their assessments were charged \$12.00 in fees following a missed monthly assessment payment.

511. Crofton Village Town’s Declaration of Covenants, Conditions and Restrictions’ Article IV, Section 8 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six per cent (6%) per annum.” (CPD Ex. 59-C, at CPD072183-84).

512. Crofton Village Town’s Bylaws’ Article V, Section 3 provide:

The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owners which remain unpaid for more than sixty (60) days from the due date from payment thereof.

a. The Board of Directors may from time to time notify all Unit Owners as to the status of collection of assessments and may list those Unit Owners who are more than sixty (60) days in arrears.

b. The Board of Directors may impose a late fee of FIFTEEN DOLLARS (\$15.00) or ONE-TENTH (1/10) of the total amount of any delinquency assessment or installment whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least (15) calendar days.

(CPD Ex. 59-D, at CPD072207). Article XII of the Bylaws further provides, “These Bylaws are subordinate and subject to all provisions of the Declaration. . . . In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control.” (CPD Ex. 59-D, at CPD072216).

513. Crofton Village Town’s Declaration only permits the charging of pre-judgment interest at the rate of 6% per annum to homeowners delinquent in paying their monthly assessment. While the Bylaws permit the charging of late fees to delinquent homeowners, the Bylaws’ late fee provision conflicts with the Declaration. Article XII of the Bylaws instructs that the Declaration will control. The fees charged to delinquent homeowners at Crofton Village Town were impermissible pursuant to the association’s governing documents.

514. From 2016 through March 2018, at least sixty-eight Crofton Village Town homeowners delinquent in paying their assessment were charged a total of \$6,473.00 in fees that were not permitted by the Declaration.

515. Crofton Village Town homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. All fees charged to homeowners were before thirty days.

Villages at Wellington

516. Homeowners at the community of Villages at Wellington were charged quarterly assessments on January 1, April 1, July 1, and October 1. From 2019 through 2024, homeowners' quarterly assessments were \$127.50.

517. Villages at Wellington homeowners delinquent in paying their assessments were charged a \$12.00 collection cost in May 2020 and \$15.00 collection costs from July 2020 through 2023. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2020	May 1, July 31, and November 2
2021	January 31, May 3, August 1, and November 1
2022	January 31, August 3, and November 3
2023	February 3, May 3, August 3, and November 3

518. Villages at Wellington homeowners delinquent in paying their assessments were also charged a \$15.00 late fee following a missed monthly assessment payment. The homeowner account histories reflect that delinquent homeowners were charged late fees on the following dates:

2020	May 1, July 31, and November 2
2021	May 3, August 1, and November 1
2022	January 31, August 3, and November 3
2023	February 3, May 3, August 3, and November 3

519. Villages at Wellington homeowners delinquent in paying their assessments were charged \$27.00 or \$30.00 in fees following a missed monthly assessment payment (\$12.00 or \$15.00 collection cost and \$15.00 late fee).

520. Villages at Wellington's Declaration of Covenants, Conditions and Restrictions' Article IX, Section 8 provides that:

Any assessment not paid when due shall be delinquent and, if not paid within thirty (30) days after the due date, shall bear interest

from the due date at the rate of (i) twelve percent (12%) per annum, or (ii) two percent (2%) over the prime rate announced by NationsBank, N.A., or any successor thereto, whichever is greater, and shall be subject to a late charge of (A) Five Dollars (\$5.00) per month until paid, or (B) ten percent (10%) of the assessment, whichever is greater, or at such other rates or in such other amounts as may be established by the Board of Directors from time to time.

(CPD Ex. 60-B, at CPD073567).

521. The Villages at Wellington Bylaws are silent on the consequences for the non-payment of monthly assessments; however, the Bylaws' Article XV, Section 2 provides that "in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control." (CPD Ex. 60-C, at CPD073618).

522. The Villages at Wellington's Declaration permits delinquent homeowners to be charged a late fee of \$5.00 or 10% of the assessment, whichever is greater. From 2020 through 2023, the maximum fee charged for homeowners delinquent in paying their assessments was \$12.75 (10% of the quarterly assessment). From 2020 to 2023, homeowners at the Villages at Wellington were charged \$27.00 or \$30.00 for delinquent assessment payments.

#### Walden 15

523. Homeowners at the community known as Walden 15 were charged assessments on the first of each month. Homeowners' monthly assessments were as follows:

- 2016 = \$28.00
- 2017 – 2018 = \$31.00
- 2019 – 2022 = \$33.00
- 2023 = \$37.00
- 2024 = \$47.00

524. Walden 15 homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 18, February 17, March 16, April 18, May 17, June 16, July 18, August 16, September 16, October 18, November 16, and December 16
2017	January 18, February 16, March 16, April 18, May 16, June 16, July 18, August 16, September 18, October 17, November 16, and December 18
2018	January 17, February 16, March 16, April 17, May 16, June 18, July 17, August 16, September 18, October 16, November 16, and December 18
2019	January 16, February 18, March 18, April 16, May 16, June 18, July 16, August 16, September 17, October 16, November 18, and December 17
2020	January 16, February 18, March 17, April 16, May 18, June 16, July 16, August 18, September 16, October 16, November 17, and December 16
2021	January 18, February 17, March 16, April 16, May 18, June 16, July 20, August 17, September 16, October 18, November 16, and December 17
2022	January 19, February 16, March 16, April 19, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2023	January 16, February 16, March 16, April 16, May 16, June 16, July 16, August 16, September 16, October 16, November 16, and December 16
2024	January 16

525. Walden 15’s Declaration of Restrictive Covenants’ Article V, Section 9 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum, and shall be subject to a late charge of \$10.00 or five percent (5%) of the assessment, whichever is greater.” (CPD Ex. 61-C, at CPD075185).

526. Walden 15’s Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article XVII of the Bylaws provides that “in the case of any conflict between the Declaration applicable to the Property referred to herein, the Declaration shall control.” (CPD Ex. 61-D, at CPD075209).

527. Walden 15’s Declaration permits delinquent homeowners to be charged a late fee of \$10.00 or 5% of the monthly assessment after thirty days delinquent, whichever is

greater. From 2016 through 2024, the maximum fee that could be charged to homeowners delinquent in paying their assessments was \$10.00 (5% of the monthly assessment would either be \$1.40 or \$2.35, less than the \$10.00 alternative provided for in the Declaration).

528. From 2016 through March 2018, at least twenty-four homeowners delinquent in paying their monthly assessments were charged a total of \$1,381.00 in excess fees.

529. Walden 15 homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. Specifically, homeowners delinquent in paying their February assessment were always charged fees around the 16th of the month, and well before the thirty-day grace period in the Declaration.

Woodbridge Crossing

530. Homeowners at the community known as Woodbridge Crossing were charged annual assessments on January 1 of each year. Homeowners' annual assessments were as follows:

- 2015 – 2018 = \$220.00
- 2019 – 2022 = \$231.00
- 2023 – 2024 = \$243.00

531. Woodbridge Crossing homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2015	March 4
2016	January 18 and March 1
2017	January 18
2018	February 1 and February 16
2019	February 1 and February 19
2020	February 3 and February 18
2021	February 3 and February 17
2022	February 1

2023	February 3 and March 3
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532. Woodbridge Crossing homeowners delinquent in paying their assessments were also charged a late fee ranging from \$22.00 to \$23.10 following a missed monthly assessment payment as follows:

2015 – 2018	\$22.00	March 4, 2015, January 18, 2016, January 18, 2017, and February 1, 2018
2019 – 2020	\$23.10	February 1, 2019, and February 3, 2020

533. Woodbridge Crossing homeowners delinquent in paying their assessments were charged at least \$34.00 or \$35.10 in fees following a missed monthly assessment payment (\$12.00 collection cost and \$22.00 or \$23.10 late fee).

534. Woodbridge Crossing’s Declaration of Covenants, Conditions and Restrictions’ Article VI, Section 1 provides that:

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or “late charge” as the Board may fix . . . .

(CPD Ex. 62-C, at CPD076018).

535. Woodbridge Crossing’s Bylaws are silent on the consequences for the non-payment of monthly assessments; however, Article X, Section 1 of the Bylaws provides, “These By-Laws are subordinate and subject to all provisions of the Declaration . . . . In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control . . . .” (CPD Ex. 62-D, at CPD076085).

536. In 2007, the Woodbridge Crossing Board of Directors adopted a policy resolution regarding the collection of assessments, as permitted by the Declaration, which provided that:

If any assessment due from the Lot Owner is not received by the Association's Management Agent or as otherwise directed by the Board of Directors by the fifteenth (15<sup>th</sup>) day of the Month, the Lot Owner's account shall be deemed "late" and a "late charge" in the amount of fifteen dollars (\$15.00) per installment or 1/10<sup>th</sup> of the delinquent assessment, whichever is greater, shall be added to the Lot Owner's account and, thereafter, be a part of the continuing lien until all sums due, including late charges, shall have been paid in full.

A courtesy "Late Notice" may be sent by the Association or its Management Agent, to the Lot Owner who has not paid the assessment by the Fifteenth (15<sup>th</sup>) day [of] the month.

(CPD Ex. 62-E, at CPD076100-01).

537. The Woodbridge Crossing's Declaration and 2007 Resolution permit delinquent homeowners to be charged a late fee of \$15.00 or 10% of the assessment. While the 2007 Resolution indicates that the late charge is applied after fifteen days, the Declaration does not permit a late charge until thirty days delinquent. From 2015 through 2018, the maximum permissible fee homeowners delinquent in paying their assessments could be charged was \$22.00 (10% of the annual assessment of \$220.00). From 2019 through 2022, the maximum permissible fee homeowners delinquent in paying their assessments could be charged was \$23.10 (10% of the annual assessment of \$231.00). In 2023, the maximum permissible fee homeowners delinquent in paying their assessments could be charged was \$24.30 (10% of the annual assessment of \$243.00).

538. From 2016 through March 2018, at least sixty-five Woodbridge Crossing homeowners delinquent in paying their monthly assessments were charged a total of \$1,771.00 in excess fees.

539. Woodbridge Crossing homeowners were also charged twice for the same delinquent assessment payment. In 2016, homeowners delinquent in paying their annual assessment were charged a second fee on March 1. In 2018, homeowners delinquent in paying their annual assessment were charged a second fee on February 16. In 2019, homeowners delinquent in paying their annual assessment were charged a second fee on February 18. In 2020, homeowners delinquent in paying their annual assessment were charged a second fee on February 18. In 2021, homeowners delinquent in paying their annual assessment were charged a second fee on February 17. In 2023, homeowners delinquent in paying their annual assessment were charged a second fee on March 3.

Woodstream East

540. Homeowners at the community of Woodstream East were charged assessments on the first of each month. The homeowner account histories reflect that Woodstream East homeowners were charged the following monthly assessments:

- 2016 = \$50.00
- Jan. 2017 – April 2017 = \$50.00
- May 2017 – June 2020 = \$52.00
- July 2020 – April 2023 = \$54.40
- May 2023 – 2024 = \$57.00

541. Woodstream East homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	May 1, June 1, July 1, August 1, August 31, October 31, and December 1
2017	January 3, January 31, March 1, March 31, May 1, May 31, July 1, July 31,

	August 31, October 1, October 31, and December 1
2018	January 1, January 31, March 1, April 1, May 1, May 31, July 1, July 31, August 31, October 1, October 31, December 1, and December 31
2019	January 31, March 1, April 1, May 1, May 31, July 1, July 31, September 1, October 1, October 31, December 2, and December 31
2020	January 31, March 1, March 31, May 1, June 1, July 1, July 31, August 31, October 1, November 1, December 1, and December 31
2021	January 31, March 1, March 31, May 1, July 1, August 1, August 31, October 1, November 1, December 1, and December 31
2022	January 31, March 1, March 31, July 3, August 3, September 3, October 3, November 3, and December 3
2023	January 3, February 3, March 3, April 3, May 3, June 3, July 3, August 3, September 3, October 3, November 3, and December 3
2024	January 3

542. Woodstream East’s Declaration of Covenants, Conditions and Restrictions’ Article V, Section 7 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 6 percent per annum.” (CPD Ex. 63-C, at CPD076648).

543. Woodstream East’s Bylaws are silent on the consequence for the non-payment of the annual assessment.

544. Woodstream East’s Declaration only permits the charging of pre-judgment interest at 6 percent per annum to homeowners delinquent in paying their monthly assessment. The fees charged to delinquent homeowners at Woodstream East were impermissible pursuant to the association’s governing documents.

545. From 2016 through March 2018, at least ninety-two Woodstream East homeowners delinquent in paying their assessment were charged a total of \$6,636.00 in fees that were not permitted by the Declaration.

546. Woodstream East homeowners delinquent in paying their monthly assessments were also charged fees before the thirty days provided for in the Declaration. In 2020, homeowners delinquent in paying their February assessment were charged fees on March

1, which was only twenty-nine days after the assessment due date. In 2017, 2019, 2021, and 2022, homeowners delinquent in paying their February assessment were charged fees on March 1, which was only twenty-eight days after the assessment due date.

Waterford

547. Homeowners at the community known as Waterford were charged annual assessments on April 1 of each year.<sup>15</sup> Homeowners’ annual assessments were as follows:

- 2016 = \$446.00 plus \$200.00
- 2017 = \$427.00 plus \$268.00
- 2018 = \$427.00 plus \$282.00
- 2019 = \$427.00 plus \$307.00
- 2020 = \$433.00 plus \$330.00
- 2021 = \$472.00 plus \$371.00
- 2022 = \$495.00 plus \$371.00
- 2023 = \$547.00 plus \$379.00

548. Waterford homeowners delinquent in paying their assessments were charged a \$12.00 collection cost. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	May 5
2019	May 8
2021	June 6
2022	August 3
2023	May 5, June 5, and June 30

549. Waterford homeowners delinquent in paying their 2016 annual assessments were also charged either a \$44.60 late fee or a \$64.60 late fee on May 5.

550. In 2016, Waterford homeowners delinquent in paying their assessments were charged \$56.60 or \$76.60 in fees following a missed monthly assessment payment (\$12.00 collection cost and either a \$44.60 late fee or a \$64.60 late fee).

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<sup>15</sup> Homeowners are charged both a general assessment and a townhouse assessment.

551. Waterford's Amended and Restated Declaration of Covenants, Conditions and Restrictions' Article V, Section 7 provides that:

Any Assessment not paid within thirty (30) days after the due date shall be subject to a late charge of Twenty-Five Dollars (\$25) or ten percent (10%) of the amount of the past-due Assessment, whichever is the greater amount, and shall bear interest from the due date at the rate of twelve (12%) per annum.

(CPD Ex. 64-C, at CPD078760).

552. Waterford's Amended Bylaws Article XI provides:

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments which are secured by a lien upon the Lot against which the assessment is made. If the assessment is not paid within thirty (30) days after the due date it shall be subject to a late charge of Twenty-Five Dollars (\$25) or ten percent (10%) of the amount of the past-due assessment, the assessment shall bear interest from the due date at the rate of twelve percent (12%) per annum . . . .

(CPD Ex. 64-D, at CPD078806-07). Article XII of the Bylaws further provides that "in the case of any conflict between the Declaration and the Articles or these By-Laws, the Declaration shall control." (CPD Ex. 64-D, at CPD078808).

553. Waterford's Declaration and Bylaws permit delinquent homeowners to be charged \$25.00 or 10% of the delinquent assessment. While MHAA section 11B-112.1 limits the late charge to \$15.00 or 10% of the assessment, Waterford's annual assessment always exceeded \$150.00, as such the permissible late charge is 10% of the annual assessment. In 2016, the maximum permissible late charge was \$44.60 or \$64.40.

554. From 2016 through March 2018, at least twenty-two Waterford homeowners delinquent in paying their assessment were charged a total of \$264.00 in excess fees.

555. Waterford homeowners were also charged three times for the same delinquent assessment payment. In 2023, homeowners delinquent in paying their annual assessment were charged a second and third fee on June 5 and June 30.

West Courts at Piney Orchard

556. Homeowners at the community known as West Courts at Piney Orchard were charged assessments on the first of each month. Homeowners’ monthly assessments were as follows:

- 2017 – 2023 = \$85.00
- 2024 = \$93.00

557. West Courts at Piney Orchard homeowners delinquent in paying their assessments were charged \$12.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged collection costs on the following dates:

2016	January 21, February 22, March 21, April 21, May 23, June 16, June 20, July 21, August 22, and November 28
2019	August 21 September 23, October 21, November 21, and December 23
2020	January 21, February 21, March 25, April 21, May 20, June 23, July 21, August 24, September 21, October 23, November 23, and December 21
2021	January 21, February 23, March 22, April 21, May 24, June 22, July 21, August 24, September 21, October 21, November 23, and December 21
2022	January 24, February 23, March 23, April 21, June 21, July 21, August 21, September 21, October 21, November 21, and December 21
2023	January 21, February 21, March 21, April 21, May 21, June 21, July 21, August 21, September 21, October 21, November 21, and December 21
2024	January 24

558. West Courts at Piney Orchard’s Declaration of Covenants, Conditions and Restrictions’ Article IV, Section 8 provides, “Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum.” (CPD Ex. 65-C, at CPD079037).

559. West Courts at Piney Orchard’s Bylaws’ Article XI provides:

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum . . . .

(CPD Ex. 65-D, at CPD079069). Article XIII, Section 2 of the Bylaws further provides that “in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.” (CPD Ex. 65-D, at CPD079070).

560. West Courts at Piney Orchard’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at West Courts at Piney Orchard were impermissible pursuant to the association’s governing documents.

561. From 2016 through March 2018, at least forty-five West Courts at Piney Orchard homeowners delinquent in paying their assessment were charged a total of \$1,320.00 in fees that were not permitted by the Declaration and Bylaws.

#### Walnut Ridge

562. Homeowners at the community known as Walnut Ridge were charged quarterly assessments on January 1, April 1, July 1, and October 1. The homeowner account histories reflect that Walnut Ridge homeowners were charged the following monthly assessments:

- 2016 = \$166.00
- 2017 – 2019 = \$182.00
- 2020 = 2023 = \$191.00

- 2024 = \$198.50

563. Walnut Ridge homeowners delinquent in paying their assessments were charged \$15.00 collection costs. The homeowner account histories reflect that homeowners delinquent in paying their assessments were charged collection costs on the following dates:

2016	January 18, April 18, July 18, and October 18
2017	January 18, April 18, July 18, and October 17
2018	January 17, April 17, July 17, and October 16
2019	January 16, April 16, July 16, and October 16
2020	January 16, April 16, July 16, and October 16
2021	January 18, April 16, July 20, and October 18
2022	January 19, April 19, July 16, and October 16
2023	January 16, April 16, July 16, and October 16
2024	January 16

564. In 2016, Walnut Ridge homeowners delinquent in paying their assessments were also charged a \$15.00 late fee on January 18.

565. Walnut Ridge’s First Amendment to the Declaration of Covenants, Restrictions and Affirmative Obligations’ Article VII, Section 5 provides that “[i]f any assessment is not paid within ninety (90) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum . . . .” (CPD Ex. 66-C, at CPD080324).

566. Walnut Ridge’s Bylaws’ Article IV, Section 6 provides, “Any assessment not paid within ninety (90) days after the due date shall bear interest from the due date at the maximum rate allowed by law.” (CPD Ex. 66-D, at CPD080331).

567. Walnut Ridge’s Declaration and Bylaws only permit the charging of pre-judgment interest to homeowners ninety days delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is

restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Walnut Ridge were impermissible pursuant to the association's governing documents.

568. From 2016 through March 2018, at least eighty Walnut Ridge homeowners delinquent in paying their assessment were charged a total of \$3,375.00 in fees that were not permitted by the Declaration and Bylaws.

#### Woodstream Recreation

569. Homeowners at the community known as Woodstream Recreation were charged quarterly assessments on October 1, 2017, January 1, 2018, and April 1, 2018.

570. Woodstream Recreation homeowners delinquent in paying their assessments were charged \$15.00 collection costs.

571. The homeowner account histories reflect that delinquent homeowners were charged collection costs on February 16, 2018.

572. Woodstream Recreation's Declaration of Covenants, Conditions and Restrictions' Article IV, Section 8 provides, "Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six (6%) percent per annum." (CPD Ex. 67-C, at CPD081146).

573. Woodstream Recreation's Bylaws are silent on the consequences for the non-payment of an assessment; however, Article XIV, Section 1 of the Bylaws provides that "[i]n the event of any conflict between these By-Laws and the Declaration the provisions of the Declaration shall control." (CPD Ex. 67-D, at CPD081174).

574. Woodstream Recreation's Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment

interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Woodstream Recreation were impermissible pursuant to the association's governing documents.

575. From 2016 through March 2018, at least one-hundred fifty-nine Woodstream Recreation homeowners delinquent in paying their assessment were charged a total of \$2,385.00 in fees that were not permitted by the Declaration and Bylaws.

Woodyard

576. Homeowners at the community known as Woodyard were charged quarterly assessments on January 1, April 1, July 1, and October 1. From 2020 through 2024, the homeowner account histories reflect that Woodyard homeowners were charged a \$257.00 quarterly assessment.

577. Woodyard homeowners delinquent in paying their assessments were charged \$12.00 or \$15.00 collection costs. The homeowner account histories reflect that delinquent homeowners were charged a fee on the following dates:

2020	May 1, July 31, and November 2
2021	January 31, May 3, August 1, and November 1
2022	January 31, August 3, and November 3
2023	February 3, May 3, August 3, and November 3

578. Woodyard's Declaration of Covenants, Conditions and Restrictions' Article IV, Section 8 provides, "Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the rate of six percent (6%) per annum, or at the highest legal rate of interest then allowable by law." (CPD Ex. 68-B, at CPD081211).

579. Woodyard's Bylaws are silent on the consequence for the non-payment of a quarterly assessment.

580. Woodyard's Declaration only permits the charging of pre-judgment interest to homeowners delinquent in paying their monthly assessment. The pre-judgment interest that may be charged to delinquent homeowners is restricted by Article III, § 57 of the Maryland Declaration of Rights, which sets the legal rate of interest at six percent per annum. The fees charged to delinquent homeowners at Woodyard were impermissible pursuant to the association's governing documents.

### **Debt Collection Licensing**

581. ProCom did not have a collection agency license when it began managing Maryland homeowner associations and condominiums in 1991.

582. ProCom first applied for a license on October 2, 2019, but the license did not become effective until January 2020.

583. On January 10, 2020, ProCom, through Mr. Finley, entered into a Memorandum of Understanding (MOU) with Jedd Bellman, Assistant Commissioner of the Maryland Collection Agency Licensing Board in the Office of the Maryland Commissioner of Financial Regulation. (CPD Ex. 74).

584. The MOU notes that the Maryland Collection Agency Licensing Board in the Office of the Maryland Commissioner of Financial Regulation is "responsible for licensing and regulating, inter alia, persons engaged in collection agency activities in the State of Maryland, and otherwise responsible for enforcing the provisions of [the MCALA] and the [MCDCA]." (CPD Ex. 74).

585. Pursuant to the MOU, ProCom paid a \$6,000.00 fine to “alleviate the regulatory concerns related to the conduct described [in the MOU],” namely, “engag[ing] in whole or in part in the business of a collection agency for the period of January 3, 1991 through October 2, 2019” without a license. (CPD Ex. 74).

586. Neither the CPD, nor any division of the Office of the Attorney General, is a party to the MOU.

587. The MOU makes no reference to the CPA or any violations of the CPA.

#### **Attorneys’ Fees Collected from Leishear Village**

588. In March of 2014, Leishear Village hired ProCom to act as its management agent.

589. Prior to hiring ProCom as its management agent, Leishear Village charged delinquent homeowners a \$5.00 late fee for each missed assessment payment.

590. The management agreement between ProCom and Leishear Village included ProCom’s standard Schedule of Charges, which notes a \$12.00 charge for “Collection and Acceleration Notice Letters” listed under the heading “Payable by Owner.” (CPD Ex. 41-G, at CPD049028).

591. Leishear Village homeowners were informed through the annual coupon that late assessment payments would be charged an additional \$17.00 fee. (Resp. Ex. 11, at 156). The coupon did not show the breakdown of the \$17.00 fee as being \$12.00 for the collection cost and \$5.00 for the late fee.

592. In October 2015, a homeowner at Leishear Village, SG,<sup>16</sup> filed a complaint with the CPD.

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<sup>16</sup> This individual is not a party to this matter. In order to preserve their privacy, only their initials will be used. The homeowner’s name does appear in various exhibits.

593. SG's complaint was regarding two concerns: the Leishear Village Board changed its management company to ProCom without an open meeting, and ProCom was charging homeowners an additional \$12.00 when late in paying their assessments in violation of Leishear Village's Declaration and Bylaws. As management agent for Leishear Village, ProCom received the complaint from the CPD and provided a copy to the Leishear Village Board of Directors.

594. As a result of the complaint, Leishear Village hired an attorney, John Oliveri, to mediate the complaint, including a meeting between the CPD, Leishear Village's Board, and ProCom in July 2016.

595. By April 2016, Leishear Village Board had directed that any administrative fees from ProCom would not be charged to homeowners delinquent in paying their assessments. (CPD Ex. 77, at CPD082238).

596. In December 2016, the CPD issued an Administrative Subpoena to ProCom. The Administrative Subpoena sought documents related to ProCom's management practices with all of its association clients and included the following requests for all Associations managed by ProCom:

3. The Declaration of Covenants, Easements and Restriction, Bylaws, other governing documents, any amendments to such documents, and all documents filed with the Maryland Department of Assessments and Taxation for each HOA and Condominium that you manage or managed in Maryland.

4. Documents sufficient to show all late fees, administrative fees, court costs, collection costs, attorney's fees and any other fees or costs charged in connection with any nonpayment of assessments by members of the HOAs and or unit owners of the Condominiums that you manage in Maryland . . . .

. . . .

6. Copies of all communications that you have had with any member or members of the boards of directors of the HOAs and/or with members of the councils of unit owners or the boards of directors of the Condominiums that you manage in Maryland . . . .”

(CPD Ex. 77, at CPD082244-45).

597. At the Board Meeting on January 3, 2017, ProCom reported to the Leishear Village Board that ProCom had provided additional litigation support related to the SG complaint and that pursuant to the management agreement Leishear Village was responsible for reimbursing ProCom. To receive payment from Leishear Village for the additional litigation support, ProCom provided the Board an invoice for its additional services.

598. Traditionally, when ProCom incurs additional costs, such as when Board meetings run longer than two hours or when obligated to provide additional litigation support, ProCom provides the association with an invoice for the additional services, the Board approves the expense, and ProCom is paid.

599. Throughout 2017, ProCom continued to invoice Leishear Village for ProCom’s attorney’s fees.

600. In September 2019, Mr. Finley attended a Leishear Village Board of Directors meeting and provided them with a demand for payment of \$28,072.92 in alleged expenses incurred from compliance with the Division’s December 2016 subpoena to ProCom.

601. The demand indicated that ProCom would waive the \$28,072.92 in legal costs if Leishear Village agreed to continue to employ ProCom over five years. For each year of continued employment, ProCom would waive a portion of the \$28,072.92.

602. The \$28,072.92 Respondents Finley and ProCom demanded was supported by a spreadsheet titled “Unpaid Legal Costs” with entries beginning in November 2017 and

concluding in December 2018. The spreadsheet indicated that ProCom supplied 85,161 pages of copies to the Division in response to the December 2016 subpoena.

603. The 85,161 pages were not just for documents related to Leishear Village but were documents related to all the Associations that ProCom managed.

604. The spreadsheet also included alleged litigation support costs of several of ProCom's employees, including Scotts Davis, Kirk Bigelow, Elizabeth Powell, and Amy Cummings.<sup>17</sup> None of these ProCom employees were the property manager for Leishear Village.

605. ProCom did not invoice or charge any other association for any copying costs and litigation support it incurred in complying with the Division's December 2016 subpoena to ProCom.

606. After receiving Respondents Finley and ProCom's demand for \$28,072.92, the Leishear Village Board of Directors determined that it was no longer in its best interest to continue with ProCom as its management agent, and the Board reached out to its attorney, Lisa Heimlicher, to discuss terminating ProCom. In a letter on January 24, 2020, Ms. Heimlicher informed Mr. Finley and ProCom of the Board's decision to terminate the management agreement.

607. After receiving the Board's letter seeking to terminate the management agreement, on February 2, 2020, Mr. Finley rejected the Board's decision to terminate the management agreement as the decision was not made during an open board meeting. (CPD Ex. 77, at CPD082218).

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<sup>17</sup> The employees are identified on the invoice by initials only: SD, KB, EP, and EC. (CPD Ex. 77, at CPD082236-37).

608. On a date uncertain in the record, but after receiving the Board's letter seeking to terminate the management agreement and before informing the Board's attorney of ProCom's disagreement, Respondents Finley and ProCom withdrew from Leishear Village's bank account \$25,000.00.

609. Leishear Village had not approved the withdrawal of \$25,000.00 for payment to ProCom.

610. At its February 11, 2020 Board of Directors meeting, Leishear Village's Board voted unanimously to provide ProCom with a ninety-day notice of contract termination, effective May 31, 2020.

611. On April 29, 2020, Respondents Finley and ProCom again withdrew \$1,406.00 from Leishear Village's bank account for payment to Liff & Walsh, LLC. (CPD Ex. 79, at CPD082249). Respondents Finley and ProCom had not invoiced Leishear Village's Board for this payment to Liff & Walsh, LLC. Liff & Walsh, LLC was not Leishear Village's attorney but were representing ProCom during the Division's investigation. Leishear Village's Board of Directors did not approve the withdrawal of these funds.

612. The withdrawal of over \$26,000.00 from Leishear Village's bank account had a significant impact on the community. As a result of the unauthorized withdrawal of funds by Respondents Finley and ProCom, Leishear Village had to delay projects, including necessary tree trimming throughout the community.

613. Through March 2018, at least 5,395 homeowners were charged fees in excess of what was permitted by their Associations' governing documents. CPD Exs. 4-B, 6-B, 7-B, 8-B, 9-B, 10-B, 12-B, 13-B, 14-B, 15-B, 16-B, 17-B, 18-B, 19-B, 20-B, 22-B, 23-B, 24-B, 25-B, 26-B, 29-B, 30-B, 31-B, 32-B, 33-B, 34-B, 35-B, 36-B, 37-B, 38-B, 39-

B, 40-B, 41-B, 43-B, 44-B, 45-B, 46-B, 47-B, 48-B, 49-B, 50-B, 51-B, 52-B, 53-B, 54-B, 55-B, 56-B, 57-B, 59-B, 61-B, 62-B, 63-B, 64-B, 65-B, and 67-B. Through March 2018, these homeowners were charged \$305,606.87 in excessive fees. *Id.* Homeowners at seventeen communities – Walden 678, Adnell Woods, Briarleigh, Chesterfield, Chestnut Hill Cove, Covington Knolls, Crofton Meadows, Covington Manor and Townes, Fourwinds, Glen Allen, Kingsport, Melwood Park, Millrace, Patuxent Glen, Piney Station, Woodbridge Crossing, -and Waterford – were charged fees for delinquent assessments more than once per delinquency. CPD Exs. 4-A, 6-A, 10-A, 15-A, 17-A, 18-A, 19-A, 22-A, 28-A, 29-A, 39-A, 45-A, 46-A, 49-A, 50-A, 62-A, and 64-A. And that homeowners at fourteen communities – Amberfield, Bayview Hills, Covington Knolls, Centennial Village, Cedar Woods, Gentry, Landings at River Oaks, Melwood Park, Saddlebrook West, Saxony Square and Kingsley Hall, Stonewood, Crofton Village Town, Walden 15, and Woodstream East – were charged fees for delinquent assessments before the date permitted by their Association’s Declaration and/or By-Laws. CPD Ex. 7-A, 13-A, 18-A, 23-A, 24-A, 32-A, 40-A, 45-A, 52-A, 53-A, 55-A, 59-A, 61-A, and 63-A.

## **DISCUSSION**<sup>18</sup>

### **The Relevant Law**

In enacting the CPA, the Maryland General Assembly (Legislature) expounded, “[C]onsumer protection is one of the major issues which confront all levels of government, and . . . there has been mounting concern over the increase of deceptive practices in connection with

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<sup>18</sup> The practices that gave rise to the charges in this matter generally began on or after January 2016, with some arising on or after January 2012. The ALJ cited to the statutory law in effect at the time of the hearing. While the numbering or lettering in a current statute may differ from the numbering or lettering in a statute in existence at the time of the practices in this matter, the current statutory law is substantively the same as the law in effect at the time of the practices at issues in this matter. If there are any significant differences in the language of the statutory law in effect at the time of the practices that gave rise to the charges in this matter, it will be noted.

sales of merchandise, real property, and services and the extension of credit.” Md. Code Ann., Com. Law § 13-102(a)(1) (2013).<sup>19</sup> It went on to state that, as a result of that concern:

(1) It is the intention of this legislation to set certain minimum statewide standards for the protection of consumers across the State, and the General Assembly strongly urges that local subdivisions which have created consumer protection agencies at the local level encourage the function of these agencies at least to the minimum level set forth in the standards of this title.

(2) The General Assembly is concerned that public confidence in merchants offering goods, services, realty, and credit is being undermined, although the majority of business people operate with integrity and sincere regard for the consumer.

(3) The General Assembly concludes, therefore, that it should take strong protective and preventive steps to investigate unlawful consumer practices, to assist the public in obtaining relief from these practices, and to prevent these practices from occurring in Maryland. It is the purpose of this title to accomplish these ends and thereby maintain the health and welfare of the citizens of the State.

*Id.* § 13-102(b).

To that end, the CPA prohibits a person from engaging in “any unfair, abusive,<sup>20</sup> or deceptive trade practice, as defined in this subtitle or as further defined by the Division” in connection with:

(1) The sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services;

(2) The offer for sale, lease, rental, loan, or bailment of consumer goods, consumer realty, or consumer services;

....

(5) The collection of consumer debts . . . .

*Id.* § 13-303 (Supp. 2024).

The parties do not dispute that ProCom is a “collector” as defined by the MCDCA and that ProCom is a “collection agency” as defined in the MCALE because ProCom collects or

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<sup>19</sup> Unless otherwise noted, all references to the Commercial Law Article are to the 2013 Volume of the Maryland Annotated Code.

<sup>20</sup> Effective October 1, 2018, the term “abusive” was added in the introductory language.

attempts to collect assessments and fees from consumers. (See Joint Stipulations of Fact 19 and 20).

The CPA specifically defines an “unfair, abusive, or deceptive trade practice” to include, as charged by the CPD:

(1) False, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers; [or]

(2) Representation that:

.....  
(ii) A merchant has a sponsorship, approval, status, affiliation, or connection which he does not have;[or] . . .

(3) Failure to state a material fact if the failure deceives or tends to deceive . .

Com. Law § 13-301 (Supp. 2024). It must be kept in mind, however, that this is not an exclusive list. *Id.* §§ 13-105, 13-303 (2013 & Supp. 2024); *Legg v. Castruccio*, 100 Md. App. 748, 758 (1994).

Generally, to establish deception there must be a false or misleading statement that has a tendency to mislead consumers or an omission of material fact that has the tendency to deceive. Com. Law § 13-301 (Supp. 2024). The Act covers both express and implied representations: “[T]he meaning of any statement or representation is determined not only by what is explicitly stated, but also by what is reasonably implied.” *Golt v. Phillips*, 308 Md. 1, 9 (1986). In determining if an omission is material, the inquiry is whether “a significant number of unsophisticated consumers would find that information important in determining a course of action.” *Green v. H & R Block, Inc.*, 355 Md. 488, 524 (1999).

As noted above, section 13-301 is not an exclusive list of the practices that may be considered unfair, abusive, or deceptive. General “unfairness” is a separate standard under the Act and was discussed in depth by the Appellate Court of Maryland in *Legg*, 100 Md. App. 748:

As a byproduct of controversy surrounding the FTC's exercise of its consumer unfairness authority in the late 1970's, the FTC provided a "definition" of unfair trade practices. The definition came in the form of a 1980 policy statement made at the request of Congress.

The Policy Statement, subscribed to by each commissioner, attempted to "delineate . . . a concrete framework for future application of the Commission's unfairness authority." The Commission suggested that the "present understanding of the unfairness standard is the result of an evolutionary process." Thus, the Commission began with its earlier three-part standard of unfairness . . . .

These factors were: ("1) whether the practice, without necessarily having been previously considered unlawful, offends public policy as it has been established by statutes, the common law, or otherwise — whether, in other words, it is within at least the penumbra of some common law, statutory, or other established concept of unfairness; (2) whether it is immoral, unethical, oppressive, or unscrupulous; (3) whether it causes substantial injury to consumers (or competitors or other businessmen)."

The Policy Statement notes that the Supreme Court quoted these criteria "with apparent approval" in *FTC v. Sperry & Hutchinson Co.* Courts that have examined [*Sperry & Hutchinson*] in light of the Policy Statement have concluded that the most that can be reasonably inferred is that "the Supreme Court thus put its stamp of approval on the Commission's evolving use of a consumer unfairness doctrine not moored in the traditional rationales of anticompetitiveness or deception." Indeed, the quoted 1964 standards were merely used to exemplify the Supreme Court's statement that "the Federal Trade Commission . . . like a court of equity, considers public values beyond simply those enshrined in the letter or encompassed in the spirit of the antitrust laws."

The Policy Statement went on to state that, since the 1964 standards, "the Commission has continued to refine the standard of unfairness in its cases and rules, and it has now reached a more detailed sense of both the definition and the limits of these criteria." The Commission opined that *consumer injury* is the primary focus of the FTC Act and the most important of the . . . criteria. By itself, consumer injury could warrant a finding of unfairness. Nonetheless, not "every consumer injury is legally 'unfair.' To warrant a finding of unfairness, "the injury must satisfy three tests. It must be substantial; it must not be outweighed by any countervailing benefits to consumers or competition that the practice produces; and it must be an injury that consumers themselves could not reasonably have avoided."

*Id.* at 766-68 (footnotes omitted) (citations omitted).

In brief, whether a practice is “unfair” within the meaning of section 13-303 of the Act primarily turns on whether it causes, or is likely to cause, a substantial injury to a consumer that is not reasonably avoided by the consumer and that is not outweighed by a countervailing benefit to consumers or competition. *Id.* at 768; *see also* 15 U.S.C.A. § 45(n) (2020). An injury may be substantial if it causes a large harm or if it does “small harm to a large number of people.” *FTC v. Inc21.com Corp.*, 745 F. Supp. 2d 975, 1004 (N.D. Cal. 2010), *aff’d*, 475 F. App’x 106 (9th Cir. 2012); *Apple Inc.; Analysis of Proposed Consent Order to Aid Public Comment*, 79 Fed. Reg. 3801, 3804 (Jan. 23, 2014) (“[T]he FTC Act does not give a company with a vast user base and product offerings license to injure large number of consumers . . . merely because the injury affects a small percentage of its customers . . .”). Whether the injury is reasonably avoidable considers whether consumers had the opportunity to make an informed choice, which would have allowed them to avoid the harm, or whether consumers are aware of avenues of relief from the harm. *FTC v. Neovi, Inc.*, 604 F.3d 1150, 1158 (9th Cir. 2010); *Orkin Exterminating Co., Inc. v. FTC*, 849 F.2d 1354, 1365 (11th Cir. 1988); *In re Int’l Harvester Co.*, 104 F.T.C. 949, 1066 (1984) (“Whether some consequence is ‘reasonably avoidable’ depends, not just on whether people know the physical steps to take in order to prevent it, but also on whether they understand the necessity of actually taking those steps.”).

A claim of unfair practices under section 13-303 can be founded on the violation of another statute. *See FTC v. Accusearch Inc.*, 570 F.3d 1187, 1194 (10th Cir. 2009); *Legg*, 100 Md. App. at 769-70; *see also, e.g., In re Sears, Roebuck & Co.*, 125 F.T.C. 395, 397 (Feb. 20, 1998) (consent order concluding that “respondent’s collection of debts that it was not permitted by law to collect was, and is, unfair”). The Tenth Circuit, in analyzing whether an underlying

violation of the Telecommunications Act, 47 U.S.C. § 222, could support a claim of unfair practices, stated:

To be sure, violations of law may be relevant to the unfairness analysis. . . . “In determining whether an act or practice is unfair, the Commission may consider established public policies as evidence to be considered with all other evidence. Such public policy considerations may not serve as a primary basis for such determination.” . . .

. . . [T]he FTC may proceed against unfair practices even if those practices violate some other statute that the FTC lacks authority to administer. Indeed, condemnation of a practice in criminal or civil statutes may well mark that practice as “unfair.”

*Accusearch, Inc.*, 570 F.3d at 1194-95 (citations omitted); *see also Am. Fin. Servs. Ass’n v. FTC*, 767 F.2d 957, 983 (D.C. Cir. 1985) (observing “[i]n its Policy Statement, the Commission states that considerations of public policy are frequently used as confirmatory evidence of the unfairness of a particular practice” and concluding that the FTC properly exercised its unfairness authority in proscribing the use of wage assignments and considering that such assignments were contrary to the law in several states).

In this matter, the Division alleges direct violations of the CPA, as well as through violations of the MHAA, MCA, and MCDCA. Each of these will be discussed in detail within this Decision.

The Legislature has directed that the CPA “shall be construed and applied liberally to promote its purpose.” Com. Law § 13-105. The courts have repeatedly recognized this legislative directive that the Act be given a liberal construction and remedial purpose. *See, e.g., State v. Cottman Transmissions Sys., Inc.*, 86 Md. App. 714, 743 (1991). The Supreme Court of Maryland has recognized that the CPD has “broad powers to enforce and interpret the [Act].” *Consumer Prot. Div. v. Consumer Pub’g Co., Inc.*, 304 Md. 731, 745 (1985); *see also* Com. Law

§ 13-204(a) (Supp. 2024). To this end, the CPD is not required to prove that any consumer has been deceived or harmed to establish a violation of the Act. *See* Com. Law § 13-302.

As the proponent of the charges, the Division bears the burden of proof by a preponderance of the evidence. COMAR 28.02.01.21K(1), (2)(a); COMAR 02.01.02.05. To prove something by a “preponderance of the evidence” means “to prove that something is more likely so than not so” when all of the evidence is considered. *Coleman v. Anne Arundel Cnty. Police Dep’t*, 369 Md. 108, 125 n.16 (2002); *see also Mathis v. Hargrove*, 166 Md. App. 286, 310 n.5 (2005).

### **Alleged Violations**

**Did the Respondents violate the CPA, MHAA, and/or the MCA by charging delinquent customers a collection fee that exceeds the amounts permitted by the Associations’ declarations, bylaws, and or the statutory cap under the Acts?**

The parties do not contest that both the MHAA and the MCA limit or cap the amount of a late charge that can be imposed for a delinquent assessment payment. Specifically, the MHAA states:

The declaration or bylaws of a homeowners association may provide for a late charge of \$15 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may be imposed only if the delinquency has continued for at least 15 calendar days.

Md. Code Ann., Real Prop. § 11B-112.1 (2023).<sup>21</sup> The MCA contains a similar provision that states:

The bylaws also may provide for a late charge of \$15 or one tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least 15 calendar days.

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<sup>21</sup> Unless otherwise noted, all references to the Real Property Article are to the 2023 Volume of the Maryland Annotated Code.

*Id.* § 11-110(e)(2).

The Division, however, argues that the collection fee charged by the Respondents to homeowners is actually a late fee masquerading as a “collection cost” or “administrative fee.” The Respondents argue that the collection cost, or administrative fee, is a distinct fee, separate and apart from a late fee. Moreover, it is charged by the Associations and not by the Respondents to homeowners, and there is nothing in the statutes or any of the Associations’ governing documents that prevents the charging of a collection cost. For the reasons that follow, The Agency agrees with the Division that a collection fee is the same as a late charge under the MHAA and the MCA.

Both parties looked at the language of the Acts, the legislative history that led to changes in the MHAA, as well as an analysis of the recent decision of the Maryland Supreme Court in *Westminster Management, LLC v. Smith*, 486 Md. 616 (2024). The ALJ did the same.

#### Legislative History

In *United Cable Television of Baltimore Ltd. Partnership v. Burch*, 354 Md. 658 (1999), the Supreme Court of Maryland “knocked down a \$5 late fee used by United Cable Television to 50 cents and ordered \$5.4 million in refunds.” (CPD Memo Ex. A, at 79). The Supreme Court held that unless the General Assembly provides otherwise, a “contract for the payment of money . . . may not contain a late fee beyond the legal rate” of interest set in the Maryland Constitution at six percent per year. (CPD Memo Ex. A, at 8; *see also* CPD Memo Ex. A, at 11). In response to the Supreme Court’s decision, the Legislature put forth Senate Bill 145 to establish a “legitimate assessment of the cost incurred to businesses,” (CPD Memo Ex. A, at 86), and “shift the costs of attempting to collect past due payments to those persons who pay late rather than spreading the cost over all of [a business’s] consumers.” (CPD Memo Ex. A, at 7). The

subsequently enacted legislation established a “limit on late fees in consumer contracts,” effective October 1, 2000, and retroactively applied to “all late fees provided for in contracts entered into or in effect on or after November 5, 1995.” (CPD Memo Ex. A, at 7). Effective June 1, 2000, the law also authorized “homeowners associations to charge late fees for delinquent assessments or installments.” (CPD Memo Ex. A, at 7).

### *Late Fees*

The enacted law requires “full disclosure of any late fees.” (CPD Memo Ex. A, at 1). Under the Commercial Law Article, as amended by the enacted legislation, a late fee is defined as “any charge or fee imposed because a payment is not made when the payment is due under the terms of a contract.” Com. Law § 14-1315(a)(4)(i). A “late fee imposed under a consumer contract is neither interest, a finance charge, liquidated damages, *nor a penalty.*” (CPD Memo Ex. A, at 7 (emphasis added)).<sup>22</sup>

The legislative history of the bill reflects that a late fee is an *incentive* to encourage a consumer to pay on time. For example, the Talking Points to the bill highlighted that a “low late fee does not provide incentive for customers to pay on time.” (CPD Memo Ex. A, at 31). Supporters of the bill also avoided the term “penalty,” and when urging a higher late fee than in *United Cable*, maintained that a late fee must be a “realistic or meaningful incentive [for consumers] to pay bills on time.” (CPD Memo Ex. A, at 22).<sup>23</sup>

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<sup>22</sup> See also Letter from OAG (“The Court recognized that the modern view is that late charges are not penalties but reasonable compensation in commercial transactions . . .”). (CPD Memo Ex. A, at 11).

<sup>23</sup> See also Letter from Greater Washington Bd. of Trade (“[The *United Cable* Court late fee limit] does not provide a realistic incentive for on-time payment . . . It is vital to the health of all businesses in Maryland to be able to impose fees that adequately encourage consumers to pay on time.”). (CPD Memo Ex. A, at 25); Letter from Washington Area Self Storage (“Late fees are not a profit center. They are a necessary device to try to maintain cash flow. All delinquencies can never be eliminated, but the number can be minimized by motivations to energize customers to make timely payments.”). (CPD Memo Ex. A, at 37).

### *Collection Fees*

The legislative history of the bill reflects that a late fee may help a business recoup some of its costs, including collection costs. For example, the Office of the Attorney General, assessing the constitutionality of the retroactivity provisions of the bill, explained: “[E]ven the challengers of the late charges did not assert that such charges could not be used to recover the costs of collection, but only that the amount was higher than was justified by these costs. . . . The bill instead provides these entities a remedy that takes into account the costs entailed in the collection of these amounts.” (CPD Memo Ex. A, at 13, 15). The Fiscal Note to the bill stated that “a late fee helps to cover the costs to the business of the late payment, including collection costs.” (CPD Memo Ex. A, at 8). Other supporters also highlighted that late fees “help business recoup their costs associated with late payers,” such as mailing costs and collection costs. (CPD Memo Ex. A, at 31).<sup>24</sup>

The Vermont Public Service Board (Board),<sup>25</sup> in a decision on whether various charges assessed against consumers by a cable service provider were appropriate, adopted a hearing officer’s proposed findings that a “separate late payment fee essentially results in a *double recovery* of [collection] costs.” Decision of State of Vermont Public Service Board (May 3, 1999) (CPD Memo Ex. A, at 56) (emphasis added). The hearing officer tied late fees with the costs “associated with collection of late payments” and agreed that cable service providers have a right to collect late fees to “recover costs incurred as a result of customers paying their cable bills late.” (CPD Memo Ex. A, at 56, 53). Because the hearing officer found that the cable service provider’s rates were “determined through a benchmark developed by the [Federal Communications Commission],” and late fees were already recovered through the basic service

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<sup>24</sup> See also Letter from Md. Dep’t of Bus. & Econ. Dev. (“[A late fee less than .5% per month] may be inadequate to cover recouping costs associated with collecting the late payments.”). (CPD Memo Ex. A, at 23).

<sup>25</sup> This decision was part of the legislative file for S. 145.

rate, the hearing officer held that the separate late fee was not warranted. (CPD Memo Ex. A, at 60). The Board ordered that the cable provider “refund to customers all late fees that it has collected.” (CPD Memo Ex. A, at 71).

Westminster Management, LLC v. Smith

*History*

Five former tenants (Tenants) at four residential properties managed by Westminster Management, LLC, and its predecessor, JK2 Westminster, LLC (Westminster), filed a complaint, amended three times, in the Circuit Court for Baltimore City (Circuit Court), notably alleging violations under the Real Property Article. 486 Md. at 624, 631, 633-35. Both the Tenants and Westminster filed cross motions for summary judgment, and in January 2020, the Circuit Court granted Westminster’s motion for summary judgment for all counts in the third amended complaint. *Id.* at 635. The case was appealed by the Tenants through the Supreme Court of Maryland (Court), which decided five issues on appeal: 1) whether “rent” under section 8-401 of the Real Property Article is a fixed, periodic payment, 2) whether an allocation provision in Westminster’s leases violates section 8-208(d)(2) of the Real Property Article, 3) whether a late fee under section 8-208(d)(3)(i) of the Real Property Article includes costs of collection other than court-awarded costs, 4) whether it was error for the Circuit Court to decline to review the Tenants’ renewed motion for class certification, and 5) whether the Appellate Court of Maryland abused its discretion in declining to address the Circuit Court’s denial of the Tenants’ motion for summary judgment. *Id.* at 625, 675. I will more fully review issues 1 and 3 below.

Evaluating sections 8-208 and 8-401 of the Real Property Article, the Court provided an overview of the sections as well as an overview of statutory interpretation principles. Section

8-208 establishes requirements for written residential leases, including prohibitions on lease provisions that charge a late fee in excess of five percent of the monthly amount of rent due and prohibitions on lease provisions that require a tenant to waive its rights or remedies. *Id.* at 630-31. The summary ejectment process in section 8-401 may be invoked by a landlord in residential tenancies to recover rent, late fees, and court costs. *Id.* at 624. The Court highlighted that summary ejectment is a “powerful tool” and “unlike any other litigation procedure in Maryland.” *Id.* at 626, 624.

The goal underlying statutory interpretation principles is to “discern and carry out the intent of the Legislature.” *Id.* at 644. Discerning legislative intent begins with the “text of the provision” at issue, “viewed not in isolation but within the context of the statutory scheme to which it belongs.” *Id.* (internal quotation marks omitted). If a statutory term is undefined, a court will look at the “dictionary definition . . . before broadening [its] analysis to consider the other language of the provisions in which the terms appear and the statutory scheme as a whole.” *Id.* If the statute is ambiguous, a court may search for “legislative intent in other indicia, including the history of the legislation or other relevant sources intrinsic and extrinsic to the legislative process.” *Id.* at 645. Overall, the “statute must be given a reasonable interpretation.” *Id.* at 646.

### *Rent*

The Court held that the meaning of “rent” under section 8-401 is its “ordinary” meaning: “[The] fixed, periodic payments to a landlord for the use or possession of rented property.” *Id.* at 647, 675. Because the term “rent” is not defined in Title 8, the Court began its analysis under the lens of a summary ejectment action, highlighting that broadening the scope of the term rent, as argued by Westminster, also broadens the basis of a summary ejectment action. *Id.* at 638. To

determine whether it was the General Assembly’s intent to expand the scope of a summary ejectment action, the Court reviewed prior case law, stating that it was “not writing on an entirely blank slate.” *Id.* at 639. Highlighting a “persuasive” case<sup>26</sup> where the Court determined the meaning of rent under section 8-208.1 of the Real Property Article, which the Court deemed a remedial statute to be “liberally construed,” the Court found that other charges for gas, late fees, and court filing fees were not “rent.” *Id.* at 642.

Turning to the statutory construction of “rent,” the Court began with the dictionary definition of rent. The Court found that the “context of the broader statutory scheme . . . provides strong support for interpreting ‘rent’ consistent with its ordinary [dictionary] meaning,” noting that “several provisions of [section] 8-401 identify ‘rent’ separately from ‘late fees’ and ‘costs of suit.’” *Id.* at 647-48. Concluding that “[n]othing in the statute supports Westminster’s position that the General Assembly intended to make summary ejectment available to landlords as a mechanism to collect any and all fees, costs, and other obligations residential tenants may owe in addition to ‘rent,’” the Court held that “rent” under section 8-401 “means the fixed, periodic payments a tenant owes for use or occupancy of a rented premise.” *Id.* at 648, 649.

#### *Late Fees*

Section 8-208(d)(3)(i) “prohibits including in a residential lease any provision that provides for a *penalty* for the late payment of rent in excess of 5% of the amount of rent due for the rental period for which the payment was delinquent.” *Id.* at 655 (internal quotation marks omitted) (emphasis added). In addition to the late fee, Westminster automatically charged tenants who were more than five days late in their rental payment an “agent fee” and “summons fee” *before they were awarded by a court.* *Id.* Westminster argued that it could recoup “hard costs” in pursuing a summary ejectment. *Id.* at 660. The Court disagreed, holding that the late

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<sup>26</sup> See *Lockett v. Blue Ocean Bristol, LLC*, 446 Md. 397 (2016).

fee under section 8-208(d)(3)(i) of the Real Property Article is “inclusive of any costs of collection other than court-awarded costs,” *id.* at 625, but concluding that section 8-208(d)(3)(i) does not “preclude a landlord who prevails in a summary ejectment proceeding from recovering fees properly awarded as court costs.” *Id.* at 661.

In reaching its holding, the Court evaluated the meaning of “penalty” in the statute, reviewing the statute’s text and legislative history. Westminster argued that because the statute used the term “penalty,” the statute permitted a landlord “to recover both a fee as punishment for late payment and uncapped additional amounts the landlord may incur.” *Id.* at 625. While the Court agreed that a penalty is punitive, the Court also observed that section 8-401 consistently referred to the five percent cap as a “late fee.” The Court explained that the legislative purpose of the statute is to protect tenants; the statute must be construed liberally to further its “protective purpose.” *Id.* at 657-58. The Court then acknowledged “some ambiguity” in the statutory language and reviewed the statute’s “scant” legislative history, ultimately finding “persuasive support for the Tenants’ proposed interpretation of [section] 8-208(d)(3)(i) as encompassing a landlord’s costs of collection.” *Id.* at 658, 660. Finding that the statute did not support a landlord recouping all “hard costs” in pursuing summary ejectment, the Court concluded that the landlord could not “charge additional fees triggered by the late payment” but could recover certain expenses “if a court ultimately awards them as court costs.” *Id.* at 655 n.25, 660-61.

#### Application of Legislative History and Westminster to the MHAA and the MCA

In this matter, both the MHAA and the MCA limit the amount, timing, and frequency at which a delinquent homeowner can be charged a fee on the delinquent account. The Respondents only charge a collection cost on a delinquent account. Both Finley and Davis testified that a homeowner who does not have a delinquent balance would not be charged a

collection cost. The Respondents, however, insist that a collection cost is not a late fee, as it is a specific charge for an actual cost incurred by the Respondents for sending a letter to the homeowner, reminding the homeowner that they have an outstanding balance. No employee of ProCom tracks the amount of time it takes to prepare and send a delinquent letter to a homeowner, or the amount of time spent answering homeowner questions regarding a delinquent account. No testimony was provided as to how ProCom determined that it cost either \$12.00 or \$15.00 to send a delinquent letter and answer possible questions about a delinquent account. Although the Respondents implied that this amount is standard in the industry, the Respondents did not explain how ProCom valued its work product and arrived at this amount.

The testimony established that homeowners are only charged the collection fee when they are late in paying their assessment. Homeowners are automatically charged the fee immediately on the morning after the expiration of the grace period. For example, if the assessment is due the first of the month and the association governing documents indicate late fees apply after fifteen days of being delinquent, ProCom applies the assessment on the first, a late charge on the 16th, and a collection cost on the 16th as well. Essentially, the collection cost is charged before ProCom has mailed a letter to the homeowner or spent any time answering homeowner questions regarding a delinquency.

Neither the MHAA nor the MCA defines “late charge,” although it is defined in the Commercial Law Article, as amended by enacted Senate Bill 145, which authorizes homeowners associations under the MHAA to charge late fees for delinquent assessments. Under the Commercial Law Article, a late fee is defined as “any charge or fee imposed because a payment is not made when the payment is due under the terms of a contract.” Com. Law § 14-1315(a)(4)(i). The Division argues that the plain language reading of late charge precludes it

from also encompassing a separate collection cost. The Respondents disagree and argue that both the MHAA and the MCA permit associations to take enforcement actions against delinquent homeowners through the impositions of liens, which include collection costs. The Respondents further argue that since the lien provisions of the statute distinguish late fees and collection costs as two different expenses, which are distinct in nature, then had the legislature wanted to prohibit the charging of collection costs or believed collection costs to be the same as a late fee, the legislature would have specifically excluded collection costs under sections 11-110(e) and 11B-112.1 of the Real Property Article.

While it is correct that statutory language or sections should not be read in a vacuum and that “interpretation of a statute’s plain language” should not be confined “to the isolated section alone,”<sup>27</sup> the Respondents fail to acknowledge that the imposition of a lien, which requires a court filing, opportunity to respond, and ultimately an order, is a different process and occurs at a much later time than a homeowner being charged a singular late fee or a collection cost for being mailed a letter. The “statute must be given a reasonable interpretation.” *Westminster*, 486 Md. at 646. Liens are a court ordered collection mechanism, which are governed by their own distinct process. Most important, and distinguishable, is the fact that the collection costs associated with the imposition of a lien are *court-awarded*. That level of review is lacking in a collection cost that is automatically applied to a delinquent account, essentially at the same time as the permissible late fee. As in *Westminster*, if the collection costs are in fact a hard, actual cost, which has not been established in the facts before me, it is possible that such costs can be collected “if a court ultimately awards them as court costs.” *Id.* at 655 n.25, 660-61. In this matter, however, the Respondents are charging the collection fee at the same time as the late fee and well before any request for a lien has been filed. Also, while the Respondents argue that a

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<sup>27</sup> *Nagle & Zaller, P.C. v. Delegall*, 480 Md. 274, 294 (2022).

late fee is meant to be a penalty and the collection cost is an actual cost, this argument is supported neither by the legislative history, nor by the facts of this case. The MHAA never defines a late fee as a penalty. I agree with the Division that the legislative history of the MHAA, as well as the Supreme Court's decision on similar issues in *Westminster*, show that the cost to cover the collection of assessments is covered in the late fee.

#### CPD Investigation and Parties' Testimony

The Division presented the testimony of Diana McGee, an investigator for the CPD who worked on the Division's investigation of the Respondents. Ms. McGee explained that she reviewed the voluminous homeowner account histories that the Respondents provided to the Division in response to an administrative subpoena. She detailed how she reviewed the records and created spreadsheets for each association. She explained that some of the homeowner account histories had been provided in Microsoft Excel, and for those account histories, she could easily rearrange, sort, and count the data. Other account histories had been provided in PDF format, which made them harder and sometimes impossible to configure. For each association, Ms. McGee was able to create an account summary and a restitution summary.<sup>28</sup> She testified regarding her process for creating each document, including when assessments were charged, when late fees were charged, and if and when collection fees were charged. She further explained that an attorney within the Division reviewed the governing documents for each association and created a spreadsheet to reference when assessments were due and the amount of the assessment. She used this information in the creation of her summaries. Ms. McGee testified that she was not able to include information that was provided only in PDF format into her summaries, so the number of times homeowners were overcharged or charged a late fee more

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<sup>28</sup> The homeowner account summaries are the "A" exhibits in CPD Exs. 4, 6-68. Ms. McGee also created restitution summaries, which are the "B" exhibits in CPD Exs. 4, 6-67.

than once for the same delinquent assessment was actually higher, but she could not quantify this information.

The Respondents did not contest the figures or amounts in each summary, nor did the Respondents present any testimony regarding the amount of assessments or collection fees charged by the Respondents. Although the Respondents identified and highlighted that Ms. McGee had not reviewed the Associations' governing documents herself, the Respondents presented no testimony regarding the Associations' documents and the amount permitted to be collected versus the amount actually collected by the Respondents. Rather, the Respondents insisted that the Associations told them the amount of the assessments and when to collect them, and the Respondents then put this information into their computer program, which automatically billed the homeowners at the appropriate times. The Respondents argue that they had no choice in the amount or timing of when the homeowners were billed.

Although concerning that neither party provided a forensic accountant to provide expert testimony regarding the collection of the assessments, late fees, and collection costs, and that the Division was not able to overcome the hurdle of including information provided in PDF format, I find that the Division was able to meet its burden of proof regarding the dates of the collection of the assessments, late fees, and collection costs. As outlined in the findings of facts, the Agency finds the information provided in the Division's summaries to accurately reflect the Respondents' practices.

#### Analysis of Parties' Evidence and Argument under the MHAA and the MCA

The intent of the MHAA and the MCA is to provide "minimum standards for the protection of" homeowners. *See* Real Prop. §§ 11-130(a) and 11B-115. The Associations, and the Respondents as their agent, can only charge a late fee if provided by law or in the

Associations' Declarations and/or Bylaws. *United Cable*<sup>29</sup> held that a late charge can be calculated based on common law damages permitted for a breach of contract for failing to pay monies owed and that "the legal rate of interest [of] six percent" is permissible under common law and Article III, Section 57 of the Maryland Declaration of Rights, and changes to the rate may only be made by the General Assembly. *See United Cable*, 354 Md. at 682; *see also* Md. Const. art. III, § 57. Therefore, any permissible late charge other than pre-judgment interest of six percent must be contained within the Associations' Declarations and/or Bylaws. The parties agreed that the hierarchy of the governing documents is that the Declaration supersedes the Bylaws, and if there is any Policy Resolution, the Policy Resolution cannot conflict with the Declaration or Bylaws. It is also important to note that the MCA specifically provides that the Bylaws, not the Declaration, is the controlling document that may provide for a late charge of \$15.00 or 10% of the assessment, whichever is greater, in addition to interest at 18% per annum.

The summaries show that the Respondents, through March 2018, charged at least 5,395 homeowners fees in excess of what was permitted by their Associations' governing documents, which totaled \$306,026.37. Approximately thirty-six of the associations managed by the Respondents did not provide for a late charge within either their Declarations or Bylaws. The other associations managed by the Respondents provided for late charges limited by the MHAA or the MCA. Homeowners at seventeen communities (Walden 678; Adnell Woods; Briarleigh; Chesterfield; Chestnut Hill Cove; Covington Knolls; Crofton Meadows Townhouse 6; Covington Manor and Townes; Fourwinds; Glen Allen; Kingsport; Melwood Park; Millrace; Patuxent Glen; Piney Station; Woodbridge Crossing; and Waterford) were charged fees for delinquent assessments more than once per delinquency. Additionally, homeowners at fourteen communities (Amberfield; Bayview Hills; Covington Knolls; Centennial Village; Cedar Woods;

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<sup>29</sup> Superseded by statute.

Gentry; Landings at River Oaks; Melwood Park; Saddlebrook West; Saxony Square and Kingsley Hall; Stonewood; Crofton Village Town; Walden 15; and Woodstream East) were charged fees for delinquent assessments before the date permitted by their association's Declaration and/or Bylaws.<sup>30</sup>

The Respondents argue that they enter into management contracts with the Associations, and the Associations are the ones who decide what fees to charge homeowners; therefore, the Respondents should not be held liable for any impermissible amount charged to homeowners. Essentially, the Respondents argue that they only collect on behalf of an association, the monies collected do not belong to them, and they do not contract with any of the individual homeowners. This argument is not fully supported by the facts of this case, nor is it supported by the remedial intention of the CPA.

The Respondents hold themselves out to the Associations and homeowners as experts regarding the management of Associations. Their website specifically advertised their financial and accounting services and lists that they follow the collection policy of each association. (CPD Ex. 71A). ProCom's website further boasted that ProCom would be the Board's "most trusted resource" and that they "analyze and make recommendations regarding the association's collection policy." (CPD Ex. 71B). It is convenient and self-serving for the Respondents to hold themselves out to the public as experts who have in-depth knowledge about the Associations they manage and actively make recommendations to, but then, in litigation, disavow detailed knowledge of the Associations' governing documents and argue that they are only a tool of the various boards. Additionally, the Respondents cannot rely on the position that they were merely enforcing the directive of the boards pursuant to their management agreements and that if they

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<sup>30</sup> The Respondents' collection practices for each of the associations are detailed in Findings of Fact numbers 103 through 581.

did not collect the fees as instructed by the boards, the Respondents would be in breach of their contractual obligations. It is a long-held legal principle that contract provisions that are illegal or violative of public policy are not enforceable. *See* Restatement (Second) of Contracts § 178 (Am. L. Inst. 1981), Westlaw (database updated Oct. 2024).

Even if, as the Respondents argue, they were caught completely off guard by the Division's position that a collection cost is another form of a late fee and cannot be collected if it exceeds what is permissible under the governing documents of an association, the Respondents had this knowledge since at least 2016 when they met with the Division. There is no indication that the Respondents shared this information with the Associations they managed at that time. It was not until 2018 that ProCom sent a letter to the Associations it managed. However, while this letter was regarding the Division's investigation, it posited, despite the Division's position, that the collection costs were in accordance with the Associations' governing documents. (CDP Ex. 75). Mr. Finley testified that he did not review any association governing documents prior to sending this letter.

The fact that the Respondents do not enter into contracts directly with homeowners does not preclude the Respondents being held accountable for their actions under the CPA. The MCA and the MHAA both state that “[t]o the extent that a violation of any provision of this title affects a consumer, that violation shall be within the scope of the enforcement duties and powers of the enforcement duties and powers of the [Division], as described in Title 13 of the Commercial Law Article.” Real Prop. §§ 11-130(c)(1) and 11B-115(c)(1). The CPA itself has a broad definition of a “merchant” in that it encompasses “a person who directly or indirectly either offers or makes available to consumers any consumer goods, consumer services, consumer realty, or consumer credit.” Com. Law § 13-101(g)(1) (Supp. 2024). Under the CPA's definition, the Respondents

fall within the Acts' purview. There is nothing in the CPA that prevents the Division from pursuing the charges against the Respondents instead of, or in conjunction with, the Associations. In *Andrews & Lawrence Professional Services, LLC v. Mills*, 467 Md. 126 (2020), the Maryland Supreme Court held that an agent law firm was liable for unlawful debt collection on behalf of a homeowner's association.

Although the Respondents argue that to permit the Division to pursue charges against the Respondents instead of the Associations is an overly broad interpretation of the CPA and that it would essentially mean the Division could pursue charges against almost anyone, the Agency disagrees. The CPA is a remedial statute that is meant to "be construed and applied liberally to promote its purpose." Com. Law § 13-105. The Legislature has directed the Division to, in pertinent part:

(4) In accordance with § 13-403 [of the CPA], issue a cease and desist order with respect to any practice found by the Division to be an unfair or deceptive trade practice; [and]

.....  
(9) Undertake activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the production, promotion, and sale or lease or rental of consumer goods, consumer realty, and consumer services and in the extension of consumer credit . . . .

*Id.* § 13-204(a) (Supp. 2024). In short, the CPA is meant to be far reaching in order to effectuate its purpose. The Agency additionally notes that with respect to the allegations of unfair and deceptive trade practices, which are discussed more fully below, there also need not be a direct consumer transaction for the CPA to apply. The Appellate Court of Maryland held that "a third party's conduct may so infect a consumer transaction to expose that party to liability even where there is no direct commercial transaction between the third party and the consumer." *White v. Kennedy Krieger Inst., Inc.*, 221 Md. App. 601, 653 (2015). In this case, although the Respondents entered contracts with various associations, they still had direct contact with

homeowners as they were the homeowner's point of contact; sent out collection letters, invoices, and coupon books; and controlled the homeowner's account histories.

Because the Agency finds that the Division properly considered the collection fee charged by the Respondents to be a late fee, the Agency finds that the Respondents violated the MHAA, Real Prop. § 11B-112.1, and the MCA, Real Prop. § 11-110(e)(2), by collecting more than permitted by the statutes and, at times, collecting more than one late fee per assessment period.

**Did ProCom engage in the collection of a consumer claim without a license and did ProCom make false or misleading oral or written statements or other representations that have the capacity, tendency, or effect of deceiving or misleading consumers, by implying ProCom was licensed under the MCALA prior to January 10, 2020?**

The CPD alleges in the Statement of Charges that ProCom was not a licensed debt collector prior to January 2020 and that it not only collected debts without a license, in violation of the MCALA, but it also impliedly represented to consumers that it was licensed to collect debts, as well as represented that it was entitled to collect its collection fee, which it was not entitled to under the Associations' governing documents, the MHAA, or the MCA. Under the MCDCA, ProCom was not permitted to “[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist . . . .” Com. Law § 14-202(8) (Supp. 2024). The CPD argues that ProCom violated the MCDCA by collecting consumer debts without a license and by collecting collection fees, which it was not permitted to collect.

The analysis, however, does not end there. The Division argues that it was not just the collection of consumer debts without a license in violation of the MCDCA that violated the CPA, but that the Respondents also violated the MCDCA “when they collected or attempted to collect a ‘collection fee’ from consumers that neither ProCom nor the Associations were legally entitled

to collect or attempt to collect under the [MHAA] and the [MCA] . . . .” (Statement of Charges, at 18).

As discussed above, the Respondents did not have a right to charge and collect an additional collection cost to the homeowners. The nature of the collection costs charged by the Respondents in this case is that it is a late fee, which is not permitted by the Associations’ governing documents, the MHAA, or the MCA. Although the Respondents argue that they were unaware they could not charge collection fees, the Agency finds this argument unpersuasive.

The Respondents advertised and represented to Associations that ProCom had extensive knowledge and training regarding the charging and collecting of assessments, undercutting their argument that they were unaware that they could not charge collection fees. But, despite this representation, the Respondents’ actions supported the opposite: The Respondents made minimal effort to review and familiarize themselves with the Associations’ governing documents. When asked how ProCom’s computer program would know when to assess a collection cost, Mr. Davis explained that when ProCom first takes on a community, the information is added to the computer system. While ProCom could look at the association’s governing documents, it usually would just ask the board for the information. Mr. Finley also testified that if ProCom believed that a collection practice was not in conformity with the governing documents, ProCom would recommend to the board that it discuss the issue with its attorney. However, when specifically questioned regarding the collection of assessments for Symphony Village and whether this collection conflicted with the MHAA, Mr. Finley stated that he would refer such an issue to the Board’s attorney but could not remember if he had actually done so. There is no evidence that Mr. Finley or ProCom referred a question regarding the collection of assessments for Symphony Village to an attorney for review.

In June 2016, the Respondents participated in a meeting with the CPD in which the collection of collection costs or administrative fees was discussed. The CPD specifically stated to the Respondents that the CPD considered such fees to be in violation of Maryland law and the Associations' governing documents. Despite this meeting, the Respondents did not inform the Associations of the CPD's position regarding the charging of collection costs or administrative fees to homeowners or advise that the Associations should discuss this issue with their own counsel. Then, in November 2018, ProCom sent a letter to the Associations it managed regarding the Division's investigation, but averred that the collection cost was in accordance with the Associations' governing documents. (CDP Ex. 75). However, in the hearing before the ALJ, neither Respondent Finley nor Davis seemed familiar with any of the Associations' governing documents, nor did either testify that they had reviewed the governing documents at any specific point. In fact, Mr. Finley admitted that he had not reviewed any of the Associations' governing documents before sending the letter.

Instead, the Respondents sought to shift responsibility for their actions to the Associations, arguing that ProCom entered contracts with the Associations and that ProCom only did what it was told to do by the Associations. However, as the Division correctly argues, the MHAA specifically states:

Except as expressly provided in this title, the provisions of this title may not be varied by agreement, and rights conferred by this title may not be waived. A declarant or vendor may not act under a power of attorney or use any other device to evade the requirements, limitations, or prohibitions of this title.

Real Prop. § 11B-103. Also, although ProCom was working as an agent of the Associations, as discussed above, the collection cost was a cost that ProCom marketed to Associations as being paid by the homeowners. Although the cost was first charged to the Associations, the Associations were then "reimbursed" this cost once the homeowner paid. The collection cost

was charged at the suggestion of the Respondents, and the Respondents often characterized the cost as a late fee. But for ProCom's suggestion of charging the homeowner this cost and including it in the managing agreements with the Associations as a charge paid by the homeowners, the collection cost would not have been charged to homeowners.

The Agency finds that the Respondents violated the MCDCA because ProCom was not permitted to “[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist.” Com. Law § 14-202(8) (Supp. 2024). Although the Respondents claim that they could not have known that a collection fee is a late fee, they were on notice since at least their 2016 meeting with the Division that the Division believed their collection practices to be in violation of the law. The Respondents took no action to review and familiarize themselves with the Associations’ governing documents, to change their practice, or to alert the Associations of this issue. The totality of the evidence in this matter leads to the inference and conclusion that the Respondents believed that if the Associations could not have the collection cost paid by the delinquent homeowners, the Associations would not include this fee in their management agreements with the Respondents, meaning the Respondents would not get this money. And while the Respondents argue that they had no discretion to add or remove collection fees, there is no evidence before me that any of the Associations charged the homeowners collection costs prior to their agreements with the Respondents. The Respondents, through their management agreements, told the Associations to charge collection costs to the homeowners. The Associations did exactly that, but then the Respondents assert that they can only do what they are told to do by the Associations. This circular reasoning does not suffice. The collection cost is a charge to the homeowner by the Respondents.

Further, the U.S. District Court for the District of Maryland has held that the word “knowledge” as used in the MCDCA “does not immunize debt collectors from liability for mistakes of law.” *Spencer v. Henderson Webb, Inc.*, 81 F. Supp. 2d 582, 594 (D. Md. 1999). Although the Respondents argue that they could not have possibly known that a collection cost is a late fee, as discussed, this argument fails. The Respondents, at the very least, acted with reckless disregard when they ignored the assertions of the Division regarding the charging of collection costs. Also, in the Respondents’ Memorandum of Law, the Respondents assert that “ProCom does not review an Association’s governing documents for compliance with applicable law, they leave that task to the Association’s attorneys.” (Resp. Memo, at 20). Failing to even review the documents to ensure that ProCom has the right to collect the fees in compliance with the law is collecting a debt with “reckless disregard” of the falsity of the existence of the right to collect any such debt. *Spencer*, 81 F. Supp. 2d at 595.

**Did Respondent Finley represent to consumers at Leishear Village that the consumers owed ProCom monies for legal support and copying costs and fail to state material facts to consumers at Leishear Village regarding the scope of the Division’s investigation?**

#### Background

ProCom began working as Leishear Village’s management agent in March 2014. Pursuant to the Management Agreement, the association began charging homeowners an additional \$12.00 collection cost if a homeowner was delinquent in paying their assessment. As was standard in their Management Agreement, the \$12.00 collection cost was noted in the Schedule of Charges attached to the Management Agreement as “Payable by Owner.” (CPD Ex. 41-G, at CPD049028). In October 2015, SG filed a complaint with the CPD, in part due to the additional \$12.00 fee being assessed on delinquent accounts. As a result of the complaint, Leishear Village hired an attorney, John Oliveri, to mediate the complaint, including a meeting

between the CPD, Leishear Village's Board, and ProCom in July 2016. In a letter dated January 30, 2017, the Leishear Village Board informed the Division that, as of April 2016, it had directed that any collection fees from ProCom would not be charged to homeowners delinquent in paying their assessments. (CPD Ex. 77, at CPD082238).

At the hearing, the Division presented the testimony of Suzanne Rua, who served on Leishear Village's Board of Directors at that time. Ms. Rua testified that, as a Board member, her understanding was that the complaint was resolved in 2016 when the Board directed that the collection costs or administrative fees from ProCom would not be charged to homeowners. She further testified that she knew that ProCom was still dealing with the Division in some way, but it did not involve Leishear Village. She also testified that it was standard practice for ProCom to submit invoices to the Board for expenses, including attorneys' fees, and that the Board would then approve the invoice and expenditure.

Ms. Rua testified that in September 2019, she was Vice President of the Board. At that time, ProCom submitted a letter to the Board in which it requested a payment of \$28,072.92 for its cost to respond to SG's complaint. The Respondents' 2019 letter included a breakdown of expenses. The breakdown included copying costs and labor in 2017 and "litigation support" in 2018. (CPD Ex. 77, at CPD082236-37). The letter further noted that if Leishear Village continued to maintain its contract with ProCom, ProCom, over a period of five years, would waive the payment of \$28,072.92 based on a schedule with a certain amount being "forgiven" each year. If Leishear Village continued with ProCom as its Management Agent through January 1, 2020, ProCom would waive \$3,072.92. (CPD Ex. 77, at CPD082235). Ms. Rua described that the Board was "shocked" by this, as the members believed SG's complaint to have been resolved. In January 2020, the Board voted to terminate its contract with ProCom, as it was

no longer satisfied with ProCom's services. Through counsel, the Board sent notice of its intent to terminate its relationship with ProCom in a letter dated January 20, 2020. The letter stated that the Board was providing ProCom ninety-days notice of the termination, and their business relationship would end on April 2, 2020. (CPD Ex. 77, at CPD082219).

On February 2, 2020, Mr. Finley responded on behalf of ProCom and informed Leishear Village's counsel that ProCom could not accept the termination, as the Board did not vote on the termination of the contract during the open session of the Board meeting. (CPD Ex. 77, at CPD082218). The Board agreed that the proper procedure had not been followed, so at the February 11, 2020 meeting, the Board held a vote in an open meeting and again voted to terminate its agreement with ProCom.

However, on a date uncertain in the record but occurring in January 2020, after receiving the Board's letter seeking to terminate the management agreement and before informing the Board's attorney of ProCom's disagreement, Respondents Finley and ProCom withdrew from Leishear Village's bank account \$25,000.00. It is clear from the record that Mr. Finley debited this money from Leishear Village's account with the knowledge that the Board did not approve or agree with the invoice from ProCom for litigation support and with the knowledge that the Board intended to terminate its agreement with ProCom.

On April 29, 2020, shortly before the new ninety-day notice period for ProCom's termination was over, Respondents Finley and ProCom again withdrew \$1,406.00 from Leishear Village's bank account for payment to Liff & Walsh, LLC. (CPD Ex. 79, at CPD082249). Respondents Finley and ProCom had not invoiced Leishear Village's Board for this payment to Liff & Walsh, LLC. Leishear Village's Board of Directors did not approve the withdrawal of these funds. It is also clear from the record, including Ms. Rua's testimony, that it was not

ProCom's normal practice to take payment for such invoices without Board approval. Ms. Rua testified that in 2016 the Board approved an invoice for litigation services to ProCom when it was working on the complaint filed by SG. Her recollection was that an invoice was submitted, and the Board approved it. When asked if ProCom had ever previously taken money without an invoice approved by the Board, Ms. Rua had no recollection of that ever occurring. In fact, Board meeting minutes show that in the past ProCom submitted invoices for attorneys' fees, and the Board reviewed them and paid them. (*See Resp. Ex. 15*).

The Respondents presented the testimony of Kenneth Grice who had been a member of the Leishear Village Board from 2012 through August 2019. Mr. Grice testified that he recalled the Board meeting when Mr. Finley submitted the invoice for \$28,072.92. Mr. Grice described ProCom's offer to write off the litigation costs over a period of five years as a "deal" and that he believed the costs in the invoice to be legitimate. He conceded, however, that some Board members disagreed and considered the offer a way to "blackmail" Leishear Village into maintaining its relationship with ProCom. Mr. Grice also conceded that it was not the usual practice to pay an invoice to ProCom without approval unless it was something small and standard, like an electric bill. The normal practice was for an invoice to be submitted and approved before payment.

#### Representations to Consumers at Leishear Village

The issue in this matter is not contract interpretation of the Management Agreement with Leishear Village or whether ProCom breached the contract by withdrawing payment for the invoices that were not approved by the Board or whether the Board breached the contract by not immediately paying the invoice. The fact that either Leishear Village or ProCom could have filed a civil suit or possible criminal charges regarding this issue is immaterial.

The facts in this matter are clear that although Respondents Finley and ProCom blamed the entirety of the Division's investigation and the issuance of two administrative subpoenas on SG's initial complaint, the expenses incurred by the Respondents were not all in direct relation to SG's complaint or Leishear Village. Mr. Finley misrepresented to the Leishear Village Board that all of ProCom's expenses were for litigation support on behalf of Leishear Village. The evidence shows that SG's complaint was resolved in January 2017 when Leishear Village informed the Division that it had stopped assessing the \$12.00 collection cost to homeowners. (CPD Ex. 77, at CPD082238). The Administrative Subpoena issued to ProCom did not just request documents regarding Leishear Village, but *all* of the communities managed by the Respondents. The break down of "legal costs" that Mr. Finley submitted to the Leishear Village Board clearly contain expenses related to the copying of records for other associations managed by the Respondents. While SG's complaint may have initially brought ProCom to the attention of the Division, it was the Respondents' collection practices—the charging of a collection cost that it instructed Associations to make payable by homeowners—that was the basis for the Division's investigation and issuance of an administrative subpoena. The fact that SG made an initial complaint does not make Leishear Village responsible for all litigation costs the Respondents incurred with the Division's investigation.

The evidence shows that Mr. Finley knew that Leishear Village's Board did not agree with the invoice for \$28,072.92, but he still made the unilateral decision to debit \$25,000.00 from the Association's account that ProCom had access to as the Management Agent for the Board. This action was taken without permission, contrary to ProCom's usual course of action for payment from the Association, and only after it was clear that the Board no longer wanted to continue a professional relationship with ProCom. Respondent Finley characterized the

\$28,072.92 as general litigation costs in order to bill Leishear Village for these expenses. Regarding the withdrawal of \$1,406.00 from Leishear Village's bank account for payment to Liff & Walsh, LLC for "Legal Fees" in April 2020, the Respondents never submitted any invoice for this. However, it is clear from the record that Liff & Walsh, LLC were the attorneys for ProCom and were representing ProCom during the Division's investigation. Nothing in the record supports that the \$1,406.00 expense was related to legal fees expended on behalf of or involving Leishear Village.

#### Harm to Leishear Village Homeowners

The Division argues that the withdrawal of a total of \$26,406.00 by the Respondents caused a substantial injury to the homeowners of Leishear Village. Ms. Rua testified that projects had to be delayed at Leishear Village since it no longer had the \$26,406.00 in its account. She explained that during that time Leishear Village was in a deficit and that the Board had to make decisions about what to do or had to wait to make decisions on incurring expenses. She specifically noted that the normal tree services that Leishear Village had performed had to be scaled back and only emergency work was approved. She further recounted that the Board delayed having concrete work performed because of the lack of funds. The Agency accepts Ms. Rua's testimony that Leishear Village suffered harm from the Respondents' actions.

#### **Did the Respondents engage in unfair and deceptive trade practices?**

The CPA defines "unfair, abusive, or deceptive trade practices" to include "[f]alse, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers." Com. Law § 13-301(1) (Supp. 2024). The Division argues that the Respondents sent homeowners invoices, coupons, and letters that represented to homeowners that they were

required to pay the \$12.00 or \$15.00 collection cost on delinquent accounts when such fees were not permitted by the Associations' Declarations and/or Bylaws and were therefore not permitted by the MHAA or MCA. As discussed above, the Respondents, despite holding themselves out to be experts in association management, were not familiar with the Declarations and Bylaws of the various associations it managed. The Respondents did not review the governing documents, but made repeated representations that it was permissible to charge delinquent homeowners collection costs in addition to late fees. The Respondents did not consult their own attorney regarding the legality of the collection of a collection cost from delinquent homeowners, nor did the Respondents advise the Boards of the Associations to consult with their attorneys regarding collecting this cost from homeowners. On more than one occasion, the Respondents averred that the collection costs were proper and could be charged to the homeowners. The Respondents knew that the Division believed the collection costs were late fees at least in 2016 when ProCom participated in a meeting with the Division, yet it did not inform the Associations of this position or suggest that an association's attorney review the issue.

The Respondents argue that ProCom had no relationship, contractual or otherwise, with homeowners, but only had contractual obligations to the Associations, which are not consumers. This argument also fails. Both the MHAA and MCA address violations that affect consumers. *See* Real Prop. §§ 11B-115(c)(1) and 11-130(c)(1). As the Division correctly notes, this is incredibly broad reaching, remedial language. Based on the record, the Agency finds that the Respondents' practices did affect consumers. As discussed at length above, the collection cost is the Respondents' cost. The Respondents negotiate the cost into their Management Agreements with Associations and specifically note that the cost is paid by the delinquent homeowner. And while it is technically correct that the homeowner pays the association directly, the Respondents

have already been paid the \$12.00 or \$15.00 charge by the Associations, and the Associations are essentially reimbursed by the delinquent homeowners at that point. The Respondents *could* have just charged the Associations the collection cost for sending the delinquent letters, but they specifically marketed to the Associations that this fee was being paid by the homeowners. Indeed, once the scope of the Division's investigation became clear to the Respondents, they did not recommend stopping the collection cost, but instead, suggested the Associations not charge a late fee and instead charge the collection cost. (CPD Ex. 83; Resp. Ex. 21). In making this recommendation, the Respondents did not review the Associations' governing documents, nor did they recommend that the Associations speak to their attorneys. These actions clearly affect consumers, in this case, the delinquent homeowners. The Respondents' actions significantly infect the charging and collection of assessments, collection costs, and late fees to all homeowners in the Associations they manage.

The CPA also prohibits the omission of material facts if the omission "deceives or tends to deceive." Com. Law § 13-301(3) (Supp. 2024). Failing to inform the Associations that there were challenges to the legality of the collection cost being paid by delinquent homeowners is an omission of a material fact. The Respondents knew, or at the very least should have known, this information after the June 2016 meeting with the CPD, however, the Respondents did not share this information with the Associations and continued to charge and collect the collection fee. The Maryland Supreme Court has clarified that "[f]or consumer protection purposes, the meaning of any statement or representation is determined not only by what is explicitly stated, but also by what is reasonably implied." *Golt*, 308 Md. at 9. Despite not reviewing the Associations' governing documents, and despite the Respondents' knowledge of the Division's investigation and position that a collection fee constitutes a late fee, the Respondents continued

to, at the very least, imply that the collection costs were permissible. The Respondents continued to send coupons, invoices, and letters that included collection costs as part of the late fee, not breaking them out or providing an explanation of the charge.

Mr. Finley made multiple representations to the homeowners of Leishear Village regarding their responsibility to pay attorneys' fees and expenses incurred by ProCom in responding to the Division's administrative subpoena. Mr. Finley sought for Leishear Village to pay for the totality of ProCom's expenses, which included document production for *all* of ProCom's Associations' clients, not just Leishear Village. The Agency agrees with the Division that this demand for reimbursement of all the costs of production of these documents for all its clients had the capacity, tendency, or effect of deceiving or misleading consumers at Leishear Village. As noted above, simply because Leishear Village could have taken other measures to recoup the moneys taken by Respondents Finley and ProCom without express permission does not preclude the Division from pursuing charges against the Respondents under the CPA.

The Agency also notes that section 13-301(3) does not require that a merchant know the falsity of their statement or have the intent to deceive, but rather that the omission of a material fact has the effect of deceiving or tending to deceive a consumer. In this matter, the Respondents argue that they did not know that a collection fee is the same thing as a late fee and that they had no intent to deceive homeowners. They also argue that although they were given copies of the Associations' governing documents, they were told by the Associations what the permissible late charge was and when it was to be collected. All the Respondents did was input this information into their computer system, and the system generated the delinquent letters at what the Respondents believed to be the appropriate time. Under the CPA, this is simply not sufficient to avoid liability. The Respondents' position also ignores the fact that by at least June 2016, the

Respondents knew of the Division's position, but took no action to change their collection practices or inform their Association clients. In November 2021, an attorney for the Saxony Square community specifically informed the Respondents that the charging and collection of the collection cost was not permitted by the association's governing documents, yet the Respondents continued to charge the collection cost to homeowners at Saxony Square and other associations. (See CPD Ex. 92). Whether a collection cost is permitted to be charged and collected from homeowners pursuant to applicable law and an association's governing documents is a material fact, which the Respondents repeatedly omitted and which had the capacity, tendency, or effect of deceiving consumers.

The charging of these impermissible fees is not only a deceptive trade practice, but also an unfair practice. Whether a practice is "unfair" within the meaning of section 13-303 of the CPA focuses on three elements: whether it causes, or is likely to cause, a substantial injury to a consumer; whether the injury is not reasonably avoided by the consumer; and whether the injury is not outweighed by a countervailing benefit to consumers or competition. *Legg*, 100 Md. App. at 768: Regarding the first prong of the unfairness test in *Legg*, the Respondents' practices caused consumers a financial harm. Granted, the financial harm to each individual homeowner is relatively small. The collection cost of \$12.00 or \$15.00 is minimal. Even the collection of a late charge more than once in an assessment period is not necessarily a large amount of money. However, simply because the amount to an individual homeowner is relatively small, does not mean that the totality of the injury is not substantial. When the Respondents' actions are viewed in totality, the amount of impermissible fees collected by the Respondents is significant. *United Cable* demonstrated that the seemingly small \$5 late fee amounted to \$5.4 million in impermissible fees to consumers. Also, the MHAA, MCA, and the Maryland Declaration of

Rights all limit the amount of a late fee that can be collected. The Respondents' violation of this public policy to protect consumers by limiting a late fee also makes the injury substantial. *Id.* at 770.

The homeowners affected by the Respondents' practices could not avoid the Respondents' collection practices. The Respondents have exclusive control over the homeowner account histories. If homeowners had questions about the charges to their account, they had to contact the Respondents. The Respondents also decided how to allocate payments made by the homeowners on delinquent accounts, ensuring that the collection cost was paid first and other assessment charges after that. A homeowner could not reasonably avoid paying a collection cost on a delinquent account without risking further collection activity, including liens on their property.

Finally, there is nothing in the record to support that the practice of charging a collection cost in violation of the applicable statutes and governing documents is outweighed by a benefit to the consumers or competition. The collection cost added another financial burden to homeowners. The Respondents presented testimony that homeowners paid more often when faced with a collection cost than a late fee, but that was essentially because the homeowners were facing an additional or higher penalty. The MHAA and the MCA both statutorily limit late fees. If a higher late fee makes homeowners pay with more regularity, such an issue must be addressed by the legislature.

#### *Liability of the Respondents*

The Respondents argue that although the CPD's Statement of Charges requests that Respondents Finley and Davis be found "jointly and severally liable for restitution and economic

damages to consumers, civil penalties, and the payments of costs,” there is not sufficient evidence to find the Respondents individually liable. The Agency disagrees.

The Supreme Court of Maryland has held “that the [CPD] may hold individuals jointly and severally liable for restitution for the [CPA] violations of corporations, when the Division proves that (1) the individual participated directly in or had authority to control the deceptions or misrepresentations, and (2) the individual had knowledge of the practices.” *Consumer Prot. Div. v. Morgan*, 387 Md. 125, 176 (2005). The Respondents argue that the computer system that ProCom used to send the delinquent notices is automated, meaning that the letters were not personally sent by either Mr. Finley during his tenure as president of ProCom or Mr. Davis during his tenure as president of ProCom. This argument does not have merit. As the president of the company, each Respondent was responsible, during his tenure, for the purchasing and implementation of any such software. Having chosen, implemented, and utilized the software, it is disingenuous to disavow responsibility for the letters sent using the software. As discussed above, although Respondents Finley and Davis may not have had direct, personal interaction with individual homeowners, the delinquent notices were sent to these homeowners and made misrepresentations that specific money was owed at specific times.

Both Respondents Finley and Davis participated in the misrepresentations, as well as had the authority to control them. It was their software. Both Respondents advertised ProCom as an expert in association management, and each had the ability to review the governing documents, or have an attorney review the documents, for the Associations with which ProCom contracted to ensure that the letters that ProCom was sending to homeowners were accurate. The fact that Respondents Finley and Davis did not bother to review the documents, and simply relied on the

Associations to tell them what the governing documents said, does not absolve either Respondent Finley or Davis of liability.

The Respondents are correct that they could not force Associations to comply with any recommendations made by ProCom. However, that does not mean that ProCom was required to continue their contractual relationships with Associations who were not following the applicable law or governing documents. Boards can choose to ignore recommendations made by ProCom, but if Boards continue to require practices that ProCom believes to be illegal, ProCom cannot simply ignore this, continue with business as usual, and avoid liability under the CPA by placing the blame on the Associations. Respondents Finley and Davis had knowledge of the collection of late fees in excess of what is permitted under the law but continued to send collection letters charging these amounts.

The Agency finds that both prongs of the test for restitution set forth in *Morgan* have been met. Therefore, prior to December 15, 2021, Respondents Finley and ProCom are jointly and severally liable for restitution and economic damages to consumers, civil penalties, and the payment of costs pursuant to the CPA. Additionally, after December 15, 2021, Respondents Davis and ProCom are jointly and severally liable for restitution and economic damages to consumers, civil penalties, and the payment of costs pursuant to the CPA.

### **CONCLUSIONS OF LAW**

Based upon the above Findings of Fact and Discussion, the Agency makes the following Conclusions of Law:

1. The property management, financial, and administrative services the Respondents offer and sell to homeowners associations and condominium associations are consumer services

because they are used for personal, family, or household purposes. Com. Law § 13-101(d) (Supp. 2024).

2. The debts that the Respondents seek to collect are consumer debts because the purported debts were incurred for personal, family, or household purposes. Com. Law § 13-101(d)(1) (Supp. 2024).

3. The Respondents, directly or indirectly, offered and made available their consumer services to consumers and, therefore, acted as merchants. Com. Law § 13-101(g) (Supp. 2024).

4. The Respondents engaged in unfair or deceptive trade practices in the offer and sale of consumer services prohibited by § 13-303 of the Consumer Protection Act, as defined in §§ 13-301(1), (2), (3) and (14)(iii) of the Consumer Protection Act.

5. The Respondents made false or misleading oral or written statements or other representations that had the capacity, tendency, or effect of deceiving or misleading consumers and constitute deceptive trade practices, including the following:

(a) Respondents represented to consumers they were entitled to collect late fees from consumers when the consumer's Association's Declaration and Bylaws did not permit the charging or collection of late charges.

(b) Respondents represented to consumers they were entitled to collect collection costs from consumers when the consumer's Association's Declaration and Bylaws did not permit the charging or collection of admin fees or collection costs.

(c) Respondents represented to consumers they were entitled to collect aggregate collection costs and late fees from consumers that exceeded the consumer's Association's Declaration and By-Laws.

(d) Respondents represented to consumers they were entitled to collect collection costs and late fees from consumers before the consumer's Association's Declaration and By-Laws permitted.

(e) Respondents represented to consumers they were entitled to collect collection costs and late fees from consumers more than once per delinquent assessment.

Com. Law §§ 13-303 and 13-301(1) (Supp. 2024).

6. Respondents ProCom and Finley made false or misleading oral or written statements or other representations that had the capacity, tendency, or effect of deceiving or misleading consumers and constitute deceptive trade practices. Respondents ProCom and Finley represented to consumers at Leishear Village that they owed ProCom monies for legal support and copying costs arising from a consumer's complaint to the Attorney General's Office about Leishear Village's practices when ProCom incurred the costs as a result of its property management practices at all of the Maryland common-ownership community associations that it managed. Leishear Village consumers did not owe ProCom for the costs it incurred in copying all documents responsive to the Division's subpoena. Com. Law §§ 13-303 and 13-301(1) (Supp. 2024).

7. Respondent ProCom engaged in deceptive trade practices prohibited by Commercial Law section 13-303, as defined in Commercial Law section 13-301(2)(ii), by making representations that it has a sponsorship, approval, status, affiliation, or connection, which it did not have, by among other things, impliedly representing that ProCom was licensed under the Maryland Collection Agency Licensing Act and could lawfully collect consumer debts on behalf of the Maryland community associations that ProCom managed when it was not licensed before January 29, 2020, as the Maryland Collection Agency Licensing Act requires.

8. The Respondents engaged in deceptive trade practices prohibited by Commercial Law section 13-303, as defined in Commercial Law section 13-301(3), by failing to state

material facts, the omission of which deceived or tended to deceive Maryland consumers, by, among other things:

- (a) The Respondents represented to consumers they were entitled to collect late fees from consumers when the consumer's Association's Declaration and Bylaws did not permit the charging or collection of late charges.
- (b) The Respondents represented to consumers they were entitled to collect collection costs from consumers when the consumer's Association's Declaration and Bylaws did not permit the charging or collection of admin fees or collection costs.
- (c) The Respondents represented to consumers they were entitled to collect aggregate collection costs and late fees from consumers that exceeded the consumer's Association's Declaration and Bylaws.
- (d) The Respondents represented to consumers they were entitled to collect collection costs and late fees from consumers before the consumer's Association's Declaration and Bylaws permitted.
- (e) The Respondents represented to consumers they were entitled to collect collection costs and late fees from consumers more than once per delinquent assessment.

Com. Law §§ 13-303 and 13-301(1) (Supp. 2024).

9. Respondents ProCom and Finley made false or misleading oral or written statements or other representations that have the capacity, tendency, or effect of deceiving or misleading consumers and constitute deceptive trade practices prohibited by Commercial Law section 13-303, as defined in Commercial Law section 13-301(3) of the Consumer Protection Act, including representing to consumers at Leishear Village that they owed ProCom monies for legal support and copying costs arising from a consumer's complaint to the Attorney General's Office about Leishear Village's practices when ProCom incurred the costs as a result of its property management practices at all of the Maryland common-ownership community associations that it manages. Leishear Village consumers did not owe ProCom for all the costs it

incurred in copying documents responsive to the Division's subpoena. Com. Law §§ 13-303 and 13-301(1) (Supp. 2024).

10. Respondents ProCom and Finley made false or misleading oral or written statements or other representations that have the capacity, tendency, or effect of deceiving or misleading consumers and constitute deceptive trade practices prohibited by Commercial Law section 13-303, as defined in Commercial Law section 13-301(3) of the Consumer Protection Act, by impliedly representing that ProCom was licensed under the Maryland Collection Agency Licensing Act to collect or attempt to collect assessments and other fees, including late fees, from consumers on behalf of the Associations when ProCom was not licensed before January 29, 2020.

11. The debts that Respondents ProCom and Finley collected from consumers are consumer debts, because they were debts incurred primarily for personal, family, or household purposes. Com. Law § 13-101(d)(1) (Supp. 2024).

12. As a collector of debt for third parties, Respondents ProCom and Finley were required to be licensed as a collection agency. Bus. Reg. § 7-101(c)(1) (2024).

13. Respondents ProCom and Finley violated section 14-202(8) of the Maryland Consumer Debt Collection Act by collecting consumer debts prior to January 29, 2020, without the license required by the Maryland Collection Agency Licensing Act.

14. Respondents ProCom and Finley violated the Maryland Consumer Debt Collection Act by collecting and attempting to collect debts with knowledge that the debts were not actually owed when it demanded payment from consumers:

a. For late fees and collection costs that were not permitted by the Association's Declaration and Bylaws;

b. For late fees and collection costs that were charged before they were permitted by the Association's Declaration and Bylaws; and

c. For late fees and collection costs charged more than once per delinquent assessment payment.

Com. Law § 14-202(8) (Supp. 2024).

15. Respondents ProCom and Finley violated section 13-301(14)(iii) of the Consumer Protection Act when they committed violations of the Maryland Consumer Debt Collection Act.

Com. Law §§ 13-301(14)(iii) and 14-202(8) (Supp. 2024).

16. The Respondents' practices that have been found to be deceptive in violation of sections 13-301(1), (2), (3) and (14)(iii) of the Consumer Protection Act are also unfair trade practices because they caused substantial injury to consumers, which consumers could not have reasonably avoided. The injuries that consumers have suffered as a result of the Respondents' unfair practices are not offset by any benefit to consumers or to competition. Accordingly, the Respondents engaged in unfair practices in violation of section 13-303 of the Consumer Protection Act. Com. Law § 13-303 (Supp. 2024).

17. Every time the Respondents misled consumers about the collection costs and late fees charged in excess of the consumer's Association's Declaration and Bylaws, the Respondents committed a violation of the Consumer Protection Act. Com. Law § 13-303 (Supp. 2024).

18. Every time the Respondents charged consumer collection costs and late fees before the consumer's Association Declaration and Bylaws permitted, the Respondents committed a violation of the Consumer Protection Act. Com. Law § 13-303 (Supp. 2024).

19. Every time the Respondents charged consumers collections costs and late fees more than once per delinquent assessment payment, the Respondents committed a violation of the Consumer Protection Act. Com: Law § 13-303 (Supp. 2024).

CONSUMER PROTECTION DIVISION  
OFFICE OF THE ATTORNEY GENERAL

Date : August 20, 2025

By:   
Steven M. Sakamoto-Wengel  
Executive Counsel to the Attorney General and  
Chief's Designee

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## Exhibit B

CONSUMER PROTECTION DIVISION,  
OFFICE OF THE ATTORNEY GENERAL

Proponent,

v.

PROFESSIONAL COMMUNITY  
MANAGEMENT, INC., *et al.*

Respondents.

IN THE CONSUMER PROTECTION  
DIVISION, THE OFFICE OF  
THE ATTORNEY GENERAL  
OF MARYLAND

CPD Case No.: 24-001-372271

OAH Case No.: OAG-CPD-04-24-02235

**BILL OF COSTS**

Proponent, the Office of the Attorney General, Consumer Protection Division, in support of paragraph 50 of the proposed Final Order that the Proponent has requested in the above-captioned matter, submits the following statement of its staff hours and costs incurred investigating and prosecuting the instant matter:

Kira Wilpone-Welborn (Assistant Attorney General)	65 hours x \$54.08 30 hours x \$65.95 40 hours x \$68.54 220 hours x \$75.61 330 hours x \$84.34 75 hours x \$100.47	\$60,236.95
Diana McGee (Investigator)	248 hours x \$49.63 51.5 hours x \$50.85 142.25 hours x \$52.59 286.5 hours x \$54.67 623.5 hours x \$56.97 105.25 hours x 62.63 575.75 hours x \$67.58	\$ 119,092.68

	<b>TOTAL COSTS</b>	\$179,329.60
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WHEREFORE, for the reasons which are set forth herein and in the Proponent's Request for Entry of Final Order filed in connection herewith, the Proponent requests that Respondents Professional Community Management, Inc., Michael Finley, and Scott Davis be ordered to pay the Proponent \$179,329.60 as reimbursement for the costs of its investigation and prosecution of the above captioned matter.

Respectfully Submitted,



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