

## **TOLLGATE WOODS SUBDIVISION RULES REGARDING COLLECTION OF DELINQUENT ASSESSMENTS**

The Board of Directors of Tollgate Woods Homeowners Association (the Association") adopts these rules on May 1, 2020, effective immediately.

### **BACKGROUND**

A. The Association is responsible for governance, maintenance and administration of Tollgate Woods Subdivision (the "Subdivision").

B. The Association exists pursuant to the Michigan Nonprofit Corporation Act, the Articles of Incorporation for the Association, the Declaration of Easements, Covenants and Restrictions and the Association's Bylaws (collectively, the "Subdivision Documents").

C. Article V, Section 37 of the Declaration authorizes the Association's Board of Directors to adopt and enforce reasonable rules and regulations in the interest of the Subdivision.

D. The Association's Board of Directors desires to adopt reasonable rules with respect to the collection of assessments.

The Board of Directors adopts the following rules and regulations for the Subdivision (the "Rules"), which are binding upon all Owners and their tenants, occupants, successors and assigns, and which supersede any previously adopted rules on the same subject matter:

#### 1. Assessment Due Dates and Late Fees.

A. Due Dates. Owners are required to pay Association assessments annually (the "annual assessment"). The annual assessment is due on January 1st each year.

B. Late Fees. All annual assessments that are not paid in full by January 31st each year will incur a uniform late charge of \$25.00 per month for each month that the annual assessment is not paid to reimburse the Association for reasonable administration expenses incurred by the Association as a result of any nonpayment. Pursuant to Article II, Section 3.10, the Association may also charge interest on any assessment not paid by the due date. At this time, the Association has elected to charge a 5% per annum interest rate. The Board will establish due dates and late fees for additional and special assessments if the Board levies these assessments. All late charges are immediately due and payable and shall be assessed against and a lien upon the Unit.

#### 2. Assessment Collection Procedures.

##### A. Reminder Notice.

The Association will send a reminder notice via regular mail if payment is not received by January 31st.

##### B. Legal Action.

If any portion of the annual assessment remains outstanding for more than 120 days after payment is due, the unpaid assessment will be subject to collection by legal action. At the

discretion of the Board, legal action may consist of a lien being filed, a lawsuit for judicial foreclosure of the lien, a lawsuit against the Owner for money damages and, once any personal judgment enters, collection may also take the form of garnishment and execution upon personal property.

To avoid legal action, Owners in default are encouraged to contact the Association to make payment arrangements for satisfaction of any unpaid assessments before the Association takes legal action. Please remember that pursuant to Article II of the Declaration all late fees, interest, costs and attorneys' fees are charged to the delinquent account. Once an account has been referred for legal action, any payments for less than the balance due may be returned to the Owner unless the payment is made under an approved payment arrangement.

3. Application of Payments. Owner payments that are made to and accepted by the Association will be applied as follows: first to costs of collection, including attorneys' fees and costs; second to any late fees, interest charges and fines; and third to installments in default in order of their due date. Accordingly, in the event payments are made that do not pay the balance in full (unless paid pursuant to an approved and signed payment arrangement), a delinquency will exist and will incur late fees in accordance with Section 1 above.

4. Payment Arrangements.

Owners that wish to request a payment arrangement for any delinquent balance must place the request in writing and submit it to the Association or, if the account has been turned over to an attorney for legal action, to the attorney's office. The Board will only review requests for payment arrangements in cases where the delinquency problem is not chronic, and reasons exist for extending payments.

Any Owner requesting a payment arrangement must state the reason why they cannot make immediate payment in full. To be approved and subject to any extenuating circumstances, any request for a payment arrangement must at a minimum propose equal payments over a period not to exceed six (6) months, sufficient to pay the entire balance in full.

During the term of any payment arrangement, late fees will not be charged so long as the Owner does not default in the payment arrangement terms. Upon default in any payment arrangement, the Association may proceed with further collection actions.

5. Applicability. This Rule shall be construed in conjunction with, and not in contravention of, the various provisions of the Subdivision Documents.

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Respectfully submitted,  
Board of Directors  
Tollgate Woods Homeowners Association