

THE VILLAGES OF OSCODA OWNERS' ASSOCIATION

Delinquency & Collection Policy

Effective Date: April 1, 2020

On March 10, 2020, Governor Gretchen Whitmer signed Executive Order 2020-4 and declared a State of Emergency in the State of Michigan related to the respiratory disease novel coronavirus (COVID-19). On March 20, 2020, Governor Whitmer signed Executive Order 2020-19, related to COVID-19, to temporarily halt eviction proceedings. On March 23, 2020, Governor Whitmer signed Executive Order 2020-21, related to COVID-19, to impose a temporary stay-at-home requirement, subject to certain exceptions. The Board of Directors for The Villages of Oscoda Owners' Association (the "Association") enacts the following Delinquency & Collection Policy pursuant to Article VI and VII of the Consolidating Condominium Bylaws and Article 3, Section 4(8) of the Association Bylaws in response to the State of Emergency. This Delinquency & Collection Policy provides a framework for the timely payment and collection of assessments so the Association can continue providing essential services to its members.

I. DELINQUENT ASSESSMENT COLLECTION POLICY

A. ASSESSMENTS

All annual, additional and special assessments are apportioned among and paid by the Co-owners as set forth in Article V of the Master Deed and Article II of the Consolidating Condominium Bylaws. The annual assessment is due and payable by the Co-owners in twelve (12) equal monthly installments as determined by the Board of Directors (the "Board"). Each monthly installment is due and payable on the first day of the month as established by the Board. Additional and special assessments levied by the Board against Co-owners are due and payable to the Association on the due date(s) respectively established. Any other sums owed to the Association by the Co-owners which may be collected by the Association in accordance with the Condominium Documents may also be collected as provided below.

B. DELINQUENCY PROCEDURE

1. Any assessment payment not received by the Association or its designated agent in full on or before the due date is delinquent and in default.
2. Delinquent assessments will result in a late charge of \$10.00 per month, or such other amount as may be determined by the Board upon 15 days notice to the Co-owners, and will be automatically assessed upon any assessment in default for more than 10 days until paid in full.
3. Notice of the delinquency, the late charge assessed and any other costs or fines charged to the Co-owner's account, will be sent to the delinquent Co-owner by the Association or its designated agent by the fifteenth day of the first month into which

the delinquency occurs. If the delinquency continues into the second month, a second and late notice will be sent to the delinquent Co-owner by the fifteenth day of the second month. If the delinquency continues into a third month, a third and final late notice will be sent to the delinquent Co-owner by the fifteenth day of the third month.

4. The Association encourages Co-owners who are experiencing financial hardships to apply for government assistance, if available. The Michigan Step Forward Program is one option that provides government assistance for the payment of condominium assessments. Additional information on the Michigan Step Forward Program can be found here: <https://www.stepforwardmichigan.org/en/>. The Association also recommends Co-owners experiencing financial hardships to contact the Association's property manager to discuss the possibility of a payment arrangement, the availability and terms and conditions of which will be determined by the Board in its sole discretion. Co-owners who wish to discuss the possibility of a payment arrangement first must submit to the property manager the following information for the Board to review:
 - a. A written statement of whether the Co-owner has experienced a job loss or reduction in working hours due to COVID-19 and written evidence of a job loss or reduction in hours to demonstrate that they are not able to timely pay their monthly assessments in full; and
 - b. A written proposal as to the amount of the monthly assessment the Co-owner will pay each month, how long the Co-owner will require the proposed payment arrangement and, at the end of the proposed payment arrangement, a schedule by which the Co-owner will pay outstanding assessment amounts due in addition to the annual and/or additional and special assessments as they become due.

The Board will review each written statement and proposal and, based on the facts and circumstances unique to each situation, may propose a payment arrangement with the requesting Co-owner with terms and conditions it deems, in its sole discretion, to be reasonable and satisfactory in ensuring the Association can continue providing the services required under the Condominium Documents. It is anticipated that even if a payment plan is agreed upon, a lien will be recorded against the Unit to protect the Association's interests while the payment plan remains in effect.

5. If full payment of the delinquent assessment(s), late charge(s), any costs and/or fines is not received by the fifteenth day of the fourth month, unless other satisfactory arrangements have been made with the Board and/or its designated agent, the following steps will be taken:
 - a. all unpaid installments of the annual, additional and/or special assessments for the pertinent fiscal year may be immediately deemed due and payable,

requiring all unpaid installments and/or portion of any special assessment and/or additional assessment levied against the unit to be immediately due and payable;

- b. the matter will be turned over to the Association's attorney for handling, a lien will be filed, and a notice of lien will be sent to the delinquent Co-owner; and
 - c. the Association may give written notice to a tenant occupying a Unit under a lease or rental agreement, and the tenant, after receiving the notice, will deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. If the tenant, after being notified, fails or refuses to remit rent due the Co-owner to the Association, then the Association may issue a Notice to Quit for nonpayment of rent and will have the right to enforce that notice by summary proceeding. However, unless an emergency situation exists, all eviction actions are temporarily suspended, pursuant to Executive Order 2020-19, until April 17 at 11:59 p.m. or as further ordered by the Governor.
6. The expenses incurred in collecting the delinquency, including, without limitation, late charges, interest, costs of collection and enforcement, including actual attorney's fees (not limited to statutory fees), attorney's fees and costs incurred incidental to any bankruptcy proceedings filed by the delinquent Co-owner or probate or estate matters, including monitoring any payments made by the bankruptcy trustee or the probate court or estate to pay this delinquency, and/or attorney's fees and costs incurred incidental to any State or Federal Court proceeding filed by the Co-owner, and advances for taxes or other liens paid by the Association to protect its lien, will be chargeable to the Co-owner in default and will be secured by the lien on the Co-owner's unit. A land contract seller will be personally liable, and the land contract purchaser will also be personally liable for all such assessments (including late charges and costs of collection and enforcement of payment) levied up to and including the date upon which such land contract seller actually takes possession of the unit following extinguishment of all rights of the land contract purchaser in the unit.
7. If the delinquency, which includes the unpaid assessments and expenses (as defined in the above paragraph 6, or any part thereof, continues past the tenth day of the fifth month, the Association may commence proceedings for foreclosure of the lien and/or money damages for unpaid assessments and/or any other claims that the Association, through its legal counsel, may deem appropriate. This includes the right to institute foreclosure by advertisement proceedings and the right to file a lawsuit for judicial foreclosure and/or a money judgment. However, after a lien is filed, unless an emergency situation exists, the initiation of all foreclosure proceedings will be temporarily suspended for sixty (60) days from the effective date of this Delinquency & Collection Policy.

8. Payments, whether partial or in full, on the delinquent account will be applied first to late charges, second, to costs of collection and enforcement of payment, including reasonable attorney's fees and finally to installments in default in order of their due dates, earliest to latest. The Association is not required to accept the tender of partial payment and will not accept partial payment after the institution of foreclosure proceedings without a formal payment arrangement, satisfactory to the Association, including, without limitation, a consent judgment agreed to by the parties involved in said proceeding.
9. Failure to meet any of the time periods set forth herein will not be deemed a waiver of the right of the Association to enforce or pursue its Delinquency & Collection Policy. The Board may also authorize placement of a lien against a Unit when it has learned of an impending unit sale, a foreclosure sale of a mortgage or other lien or encumbrance or the death or incapacity of a Co-owner, if the assessments are at least thirty (30) days delinquent. The procedure set forth in subparagraphs 5(a), (b) and (c) above will be followed with regard to the aforesaid circumstances.

C. RESTRICTIONS ON DELINQUENT CO-OWNERS

1. A Co-owner in default may not vote at any meeting of the Association or serve as a director so long as the default continues.
2. A Co-owner in default may not utilize any of the General Common Elements of the Project, except for ingress or egress to and from their Unit.

D. LIABILITY OF MORTGAGEE

Any other provision of the Condominium Documents notwithstanding, if the holder of any first mortgage of record covering a Unit, or any other purchaser, obtains title to the Unit as a result of foreclosure of the first mortgage or by deed in lieu of foreclosure or similar remedy, or any other remedy provided in the mortgage, then such person, its successors and assigns, will take the property free of any claims for unpaid assessments or charges against the Unit which accrued prior to the acquisition of title by such person (except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit, and except for assessments that have priority over the first mortgage under Section 108 of the Act).