

Tottenham Condominium Association

Assessment Collection Policy

1. Mandatory annual maintenance and - reserve assessments shall be due on the thirtieth (30th) day of March each year. Invoices will be sent by the treasurer at a minimum of 45 days prior to the payment due date.
2. If payment is not received by the required due date (**March 30th**) as per the governing documents, the homeowner's account shall be assessed a late fee of **fifty (\$50) dollars** and not to exceed what is allowed by state statute. Simple Interest of 7% (i.e. not compounded) will also be assessed monthly against principal assessments only.
3. If the past due amount remains delinquent by the thirtieth (30th) day of April, a **Collection Letter** will be sent informing the unit owner that full payment must be received by 10 days of the date of the letter or incur further collection action. A **Collection Letter** fee of \$10 may be assessed to the homeowner's account.
4. Once an account is 60 days past due, the BOD will send a **Notice to Lien** letter to the homeowner via certified and first-class mail indicating that payment must be received by 10 days of the date of the letter, or the account will be sent to the HOA's Attorney for collection. A Notice to Lien Letter collection fee of \$85 may be assessed to the homeowner's account.
5. If the account is sent to the HOA's attorney, the homeowner is responsible for all legal fees and collection costs incurred. Monthly interest continues to be assessed until paid in full.
6. The HOA is obligated to pay the HOA's attorney for all legal fees and collection costs, which will be recovered when collected from the homeowner.
7. The HOA's legal counsel will send an initial **Demand for Payment Letter** as required by Federal law. The homeowner will be required to pay the entire amount of the delinquency, including all costs of collection and/or legal fees, within thirty (30) days. If full payment is not made within thirty (30) days, the attorney will send a **Notice of Intent to Lien**. If full payment is not made after sending a **Notice of Intent to Lien**, a **Claim of Lien** for the unpaid delinquency will be filed on behalf of the HOA.
8. Should the BOD choose to use a legal process to file the **Claim of Lien**, all costs incurred, including attorney's fees, shall be the responsibility of the homeowner. **Claim of Lien** costs include, without limitation: title search fees, service of process fees, recording fees, appraisal fees, photocopying fees, postage fees, service of process fees, and court filing fees.
9. All returned checks and bank charges, incurred in connection with efforts to collect any delinquency owed to the HOA, whether or not litigation commences, shall be treated as common expense assessments against the homeowner and shall be the homeowner's responsibility. The homeowner will be assessed a \$35 charge for returned checks, plus any bank charge to the HOA.
10. Payment proceeds received for a delinquent homeowner owner will be applied to the delinquent account in accordance with the HOA Documents and Applicable Law.
11. The distribution of said payment proceeds are credited as follows:
 - (a) Applicable Late Fees and Late Interest as per the Governing documents.
 - (b) Reserve assessments
 - (c) Regular annual maintenance assessments

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12. When a homeowner's account has been referred to legal counsel for collection:
 - (a) All communications with, and payments by, the homeowner regarding the delinquency shall be made only to legal counsel.
 - (b) The homeowner will not receive an annual invoice from the HOA until the account is no longer with legal counsel. All balance requests must be directed to legal counsel.
 - (c) If the HOA opts to use legal counsel, payments shall be made payable to legal counsel as Trustee.
 - (d) A diligent effort will be made to forward any payment made directly to the HOA to legal counsel without being deposited by the HOA. In no way does acceptance of a partial payment on an account in collections suspend the collection process.
 - (e) Checks with restrictive endorsements (accord and satisfaction) will be returned to the payer and not accepted.
 - (f) All requests for a payment plan shall be submitted to legal counsel in writing. The BOD will NOT consider any verbal payment plan requests.
 - (g) If the BOD approves a payment plan, all fees and costs incurred during the life of the plan remain the responsibility of the homeowner.
 - (h) Partial payments will not suspend collection activity. All payment plans must be in writing and signed by the delinquent homeowner.
 - (i) No Resale Certificate shall be issued when a homeowner is in collection until the balance of the delinquency, including outstanding costs and fees are paid in full and have been verified.
13. This policy is an addendum, and in addition to, all rights the HOA has under the laws of the State of Michigan, the Declaration, By-Laws, and Rules and Regulations, as amended.

When establishing the collection policy, it is also important to make sure that your HOA's collection procedures not only conform to state law, such as Article 9 of the Occupation Code on debt collection, [MCL 339.901](#) et. seq., and the Collection Practices Act, codified in [MCL 445.251](#) et seq., but federal statutes, as well, such as the Fair Debt Collection Practices Act, 15 U.S.C. 1601 et seq., and provisions within the Bankruptcy Code, Title 11 of the United States Code, among others.