

## **Section 6**

### **ASSESSMENTS**

**6.1 Expenses and Revenues for Common Elements.** The Association shall be assessed as the entity in possession of any tangible personal property of the condominium owned or possessed in common, and personal property taxes levied on such property shall be treated as expenses of administration. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the common elements or the administration of the project shall be expenses of administration, and all sums received as proceeds of, or pursuant to any policy of insurance covering the interests of the Co-Owners against liabilities or losses arising within, caused by, or connected with the common elements or the administration of such common elements shall be receipts of administration.

**6.2 Association Expenses.** The expenses of the Association shall consist, among other things, of such amounts, as the board may deem proper for the operation and maintenance of the condominium property under the powers and duties delegated to it. These may include, without limitation, amounts to be set aside for working capital (budgeted income) of the condominium, amounts for a general operating reserve (budgeted savings), amounts for a reserve for common elements replacement, and amounts for meeting any deficit in the common expense for any prior year. The board shall advise each Co-Owner in writing of the amount of common charges payable by the Co-Owner and shall furnish copies of each budget containing common charges to all Co-Owners.

**6.3 Determination of Assessments.** Assessments for Association expenses will be determined in accordance with the following provisions:

- a. *Regular Assessment.* The board of the Association shall establish an annual budget in advance for each fiscal year, which will project all expenses for the coming year that may be required for the proper operation, management, and maintenance of the condominium project, including a reasonable allowance for contingencies and reserves. The annual, or monthly, assessment to be levied against each unit in the project shall then be determined on the basis of this budget. Copies of the budget will be made available to each owner at the annual meeting and by other means as established by board policy. The board will make the budget available in response to a written request either through post or electronic means.
- b. *Additional Assessments.* If additional assessments are necessary for any reason to support the operation of the Association, the board may at its sole discretion increase monthly fees or initiate a special assessment subject to the following caveats:
  - Without Association approval the board cannot increase monthly fees by more than 10% of the approved annual budget
  - The board may not apply a special assessment of more than 10% of the approved annual budget
  - If the board deems it necessary to have an increase in fees or a special assessment in excess of these amounts, the board must receive approval of a majority of the Association members, either in person or by proxy at a special meeting.

**6.4 Apportionment of Assessments.** All assessments levied against the unit owners to cover expenses of the Association shall be apportioned among and paid by the Co-Owners on an equal basis, without increase or decrease for the existence of any rights to the use of limited common elements appurtenant to a unit. Unless the board shall elect some other periodic payment schedule, annual assessments will be payable by Co-Owners in 12 equal monthly installments. The board may not require payments before the start of the fiscal year. The payment obligation of a Co-Owner commences with the acceptance of a deed to, or a land contract vendee's interest in a unit, or with the acquisition of title to a unit by any other means. The payment of an assessment will be in default if the Association in full does not receive the assessment or any part on or before the due date for such payment established by rule or regulation of the Association.

**6.5 Collection of Assessments.** Each Co-Owner shall be obligated for the payment of all assessments levied upon the Co-Owner's unit during the time that the person is the Co-Owner of the unit, and no Co-Owner may become exempt from liability for the Co-Owner's contribution toward the expenses of the Association by waiver of the use or enjoyment of any of the common elements, or by the abandonment of a unit.

- a. *Legal remedies.* In the event of default by any Co-Owner in paying the assessed common charges, the board may declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the board may impose reasonable fines or charge interest at the

legal rate on such assessments from and after the due date. Unpaid assessments, together with interest on the unpaid assessments, collection, and late charges; advances made by the Association for taxes or other liens to protect its lien; attorney fees; and fines in accordance with the condominium documents shall constitute a lien on the unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid upon a mortgage of record recorded prior to the recording of any notice of lien by the Association. The Association may enforce the collection of all sums due by suit at law for a money judgment or by foreclosure of the liens securing payment in the manner provided by Michigan Condominium Act.

- b. *Foreclosure Proceeding.* Whether by advertisement or by judicial action, the Co-Owner or anyone claiming under the Co-Owner shall be liable for assessments charged against the unit that become due before the redemption period expires, together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and reasonable attorney fees incurred in their collection.
- c. *Sale of unit.* Upon the sale or conveyance of a unit, all unpaid assessments against the unit shall be paid out of the sale price by the purchaser in preference over any other assessment or charge except as otherwise provided by the condominium documents or by the Michigan Condominium Act. A purchaser or grantee may request a written statement from the Association as to the amount of unpaid assessments levied against the unit being sold or conveyed. The purchaser or grantee shall not be liable for, and the unit sold or conveyed shall not be subject to a lien for any unpaid assessments in excess of, the amount stated in a written response from the Association. Unless the purchaser or grantee requests a written statement from the Association at least five days before sale as provided in the Michigan Condominium Act, however, the purchaser or grantee shall be liable for any unpaid assessments against the unit together with interest, late charges, fines, costs, and attorney fees.
- d. *Application of payments.* Money received by the Association in payment of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney fees; second, to any interest charges and fines for late payment on such assessments; and third, to installments of assessments in default in order of their due dates.