

Middlesex Beach Association

BOARD OF DIRECTORS ADMINISTRATIVE RESOLUTION FOR COLLECTION OF ASSESSMENTS

WHEREAS, the Amended and Restated Restrictive Covenants of Middlesex Beach Association (the "Association") recorded at the Office of the Recorder of Deeds, in and for Sussex County, Delaware, in Deed Book 4397, page 269, *et seq.*, on or about May 20, 2015, as the same may thereafter be amended from time to time, established various covenants, restrictions and requirements relating to the obligation and failure of Owner or Owners (referred to herein collectively as Owner or Member) of the Association to pay assessments, and the powers, duties and responsibilities of the Board of Directors in response thereto; and

WHEREAS, pursuant to Article 10 of the aforesaid Restrictive Covenants, the Association has the power to levy an annual assessment against each Lot and each Owner shall pay such assessment; and

WHEREAS, pursuant to Section 3.3.8 of the Bylaws for the Association recorded at the Office of the Recorder of Deeds aforesaid in Deed Book 4910, page 166, *et seq.*, the Board of Directors of Middlesex Beach Association has the responsibility and authority to enforce the Restrictive Covenants and to require that Owners abide by the same, including an Owner's obligation to pay any assessments; and

WHEREAS, Section 11.5 of the aforesaid Restrictive Covenants provides remedies for an Owner's failure to pay assessments in full and in a timely manner and empowers the Association, acting through its Board of Directors, to assess interest, late fees, fines, penalties, administrative fees and costs of collection including reasonable attorneys' fees; and

WHEREAS, pursuant to Section 1.8 of the aforesaid Restrictive Covenants, a Member in Good Standing is one who is current in his or her payment of all assessments, dues and other charges due and owing the Association and who is not in violation of the Restrictive Covenants or any other rule or regulation governing the Members; and

WHEREAS, pursuant to Section 11.5(c) of the aforesaid Restrictive Covenants, if any assessment or other charge due and owing the Association is not paid on the date when due, the Member is not considered to be a Member in Good Standing and the Board shall have the power to revoke that Member's rights and privileges to use the beach or other facilities of the Association until such time as the delinquency has been remedied; and

WHEREAS, pursuant to its authority established by the aforementioned provisions in the Bylaws and Restrictive Covenants for the Association, the Board of Directors of the Middlesex Beach Association deems it proper to adopt a collection policy relating to the collection of delinquent assessments;

NOW, THEREFORE, the Board of Directors of the Middlesex Beach Association hereby adopts, this 27th day of April, 2019, the following collection policy:

1. Regular Annual Assessments levied pursuant to the Restrictive Covenants and By-laws shall be due and payable annually, in one installment, forty-five (45) days after the Annual Meeting.

2. Any special or other assessments or charges levied pursuant to the Restrictive Covenants and/or Bylaws shall be due and payable as provided by the Board of Directors. Upon the default in the payment of any one or more special assessment or charge, the entire balance of the unpaid assessment or charge for the remainder of the fiscal year may, at the Board of Directors' discretion, be accelerated and be declared due, payable and collectible in the same manner as the delinquent portion of the assessment.

3. Any assessment or other charge levied pursuant to the Declaration and Bylaws, or any installment thereof, (hereinafter collectively referred to as "assessment") which is not paid within 30 days after it is due, shall bear interest at eighteen percent (18%) per annum from the date due. Any assessment or installment thereof not paid within thirty (30) days after it is due shall subject the Owner obligated to pay the delinquent assessment to pay a "late charge" of 5% of the amount of the delinquent installment, which amount will automatically be added and become an assessment on the Lot and due and payable immediately.

4. The Association may mail a "reminder" notice to any Owner who, for the first time, fails to pay an assessment levied pursuant to the Declaration and Bylaws, or any installment thereof, within thirty (30) days of its due date. The notice shall be sent to the Owner whose name appears on the books of the Association as owner of a Lot against which the assessment levied has become delinquent, and shall be mailed to that Owner's address last appearing on the books of the Association. It is the responsibility of the Owner to provide current address and contact information to the Association's Managing Agent in writing. Non-receipt (or late receipt) of an assessment invoice, coupon booklet, or other form of reminder shall in no way relieve the Owner of the obligation to pay the amount due by the due date. Said notice may advise the Owner that, if the delinquent assessment is not paid in full within thirty (30) days, the account will be referred to the Association's attorney for collection and that the Owner will be responsible for all fees and costs, including attorney's fees, associated with this action. Failure to send this notice shall not relieve the Owner of the obligation to pay the delinquent assessment nor bar the Association from any of the fees, charges or remedies to which it is entitled pursuant to the Declaration, Bylaws, this Collection Policy or applicable law with respect to the collection of delinquent assessments.

Assessment payments may be submitted in certified funds, money order, wire or by direct debit. Checks are also acceptable. All payments submitted via mail must be accompanied by a payment coupon / invoice provided by the Managing Agent or the check should reference the account number. Non-resident Owners must also include the property address on the check.

If a check is returned for insufficient funds, a returned check fee of \$25.00 shall be applied to the Owner's account. If the Association receives two or more checks returned for insufficient funds in any single fiscal year from an Owner, the Board of Directors may require all future payments to be made by certified check, cashier's check or money order for the remainder of the fiscal year.

5. If the Owner does not pay the assessment(s) due including any late fees within 60 days after the due date, the Association's Managing Agent shall forward the Owner's name, address, and amount of arrearage to the Association's attorney (hereinafter "Attorney") for collection.

6. Unless circumstances dictate an alternate action, the Attorney shall send a demand letter to the delinquent Owner to pay the debt. Depending upon the circumstances and with the Board's authorization, the Attorney may opt to sue immediately without sending a demand letter, the Attorney may send a demand letter and proceed with a lawsuit, and/or the demand letter may advise of the Association's intent to impose a statutory lien for any assessment or installment thereof levied pursuant to the Restrictive Covenants which is not paid within 30 days in accordance with the laws of the State of Delaware. All costs and fees associated with any Attorney action will be assessed to the Owner's account. As required by Section 11.5(a) of the Restrictive Covenants, the Attorney shall send notice to each delinquent Owner notifying of the Association's intent to impose a lien for any assessment or installment thereof levied pursuant to the Declaration and Bylaws, thereby giving the Owner an opportunity to cure the delinquency prior to the filing of a lien document.

7. Subject to all requirements set forth in the Restrictive Covenants and Bylaws and established by applicable law, the Association may bring an action at law against the Owner personally obligated to pay the delinquent assessment or foreclose on the lien against the Lot to which the assessment or installments have been levied, in addition to other remedies provided by the governing documents and the law, all at the delinquent Owner's expense.

8. Late fees, interest, costs, administrative fees, costs of collection, fines, penalties and reasonable attorney's fees shall in all cases be added to the amount of each delinquent assessment and become part of the continuing lien and a personal obligation of the Owner who owns the Lot subject to the assessment when said assessment became due.

9. Upon default in the payment of any one or more installment of any assessment levied pursuant to the Restrictive Covenants or the Bylaws, or any other installment thereof, the entire balance of said assessment will be accelerated and be declared due and payable in full immediately.

10. Unrestricted partial payments tendered either to the Managing Agent or the Attorney may be accepted, but only payment in full will stop collection proceedings, unless the Board of Directors expressly agrees in writing. Unless otherwise specifically agreed in writing

by the Board of Directors, unrestricted partial payments will be applied in the order first to last as follows in accordance with the lien foreclosure restrictions set forth in the Delaware Code, Title 25, Section 81-316 - Lien for Assessments: (1) unpaid assessments, (2) late charges, (3) attorney fees and other reasonable collection charges and costs, (4) all other unpaid fees, charges, penalties, interest and late charges.

11. Any violation of either the Restrictive Covenants or any other rule or regulation governing the Members, which is unrelated to the payment of assessments, dues or other charges, must be made known to the violating Member via a written notice from the Association in order for said violation to form the basis of a determination that the Member is not a Member in Good Standing as defined.

12. These procedures shall serve only as a guideline and non-compliance with any of these procedures by the Association, its Board of Directors, its Managing Agent or its Attorney, shall not excuse payment of assessments when due.

This procedure was duly approved by a majority of the members of the Board of Directors this

27th day of April, 2019.

ATTEST:


Secretary

Middlesex Beach Association

BY: Edward S. Sills
President