

Special Assessment Status Update

January 6, 2022

Through December 30th we have had 932 (79.3%) of our 1,175 members of record participate in the Special Assessment, while 243 (20.7%) have not participated to date. A total of \$1,129,103 has been collected to date, leaving us \$727,397 short of our \$1,856,500 expectation.

Of the 932 currently with acknowledged commitments in place to participate, 247 have selected the 10-year, \$200 annual payment (Option 4). We have collected \$53,982 from the Option 4 members, while our plan is to allocate their scheduled annual payments of \$49,400 (\$200 x 247 members) toward repayment of our SBA loan borrowings. Over the next nine years the Option 4 members have agreed to fund an additional \$444,600.

Of the 243 non-participants, 5 have advised the FLPOA Board of their intention to not participate. These 243 non-participants represent \$343,940 of the shortfall. The FLPOA Board has consulted with our legal counsel, and we have been advised the July 2020 Special Assessment is a legally binding obligation of each member. In November the FLPOA Board approved an amendment to our By-Laws to clarify the rights and remedies of the FLPOA in the event of non-payment of Annual Dues or Special Assessments. The Board also approved a motion to petition the State of Michigan to seek a Judicial Decree that will provide increased consistency between our By-Laws and Restrictive Covenants. We plan to file the motion early in 2022 and will update our membership as the matter progresses. In the interim, our plan is to begin to file liens on unpaid Special Assessments and Annual Dues, and also to begin the foreclosure process on the accounts with the greatest amounts in arrears. It remains the hope of the FLPOA Board that many of the 243 non-participants will agree to participate in the Special Assessment to avoid legal costs and loss of property.