



# Assessments Coinage of the Realm

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# ASSESSMENTS

## Coinage of the Realm

### I. ASSESSMENTS: Lifeblood of the Association

- A. Board obligation to adopt and provide summary of annual budget to owners (or last year's budget continues)
  - 1. General operating expenses vs. reserve funding based on reserve study
  - 2. Separate account for reserves
- B. Board authority and responsibility to levy and collect assessments from owners
  - 1. Owners assessed equally vs. stated allocable share
  - 2. No exemptions for payment obligation and not subject to offset claims
- C. Method of collecting assessments should be clear and consistently followed
  - 1. Collection resolution adopted by Board and published to all owners
  - 2. Timely assessments, notices of delinquency, forwarding for collection
  - 3. Importance of good record-keeping to support collection efforts

### II. ASSESSMENT ISSUES

- A. Special assessments
  - 1. Authority of Board and any limitations to be considered before assessment
  - 2. Manner of imposing special assessment
  - 3. Capital improvements
- B. Borrowing from financial institution.
  - 1. Authority to borrow
  - 2. Method of repayment
- C. Borrowing from reserve fund.
  - 1. When authorized.
  - 2. Adoption by resolution of a repayment plan providing for repayment of the borrowed funds within a reasonable period.
- D. Working effectively with legal counsel to collect delinquent assessments
  - 1. Timely turnover of delinquencies for best chance of recovery
  - 2. Avoid conflicting communications with owner while in collection