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ATTORNEYS AT LAW

Many associations are currently preparing their 2009 budgets. In doing so, it is important to recognize the distinction between the “annual assessment” and the “maximum annual assessment.” The annual assessment is the actual assessment charged to the owners. The documents usually allow the board to set this amount as long as it does not exceed the maximum annual assessment. In other words, the maximum annual assessment acts as a ceiling.

The distinction becomes important when boards decide whether or not to raise the maximum annual assessment. Many do not understand that they may raise the maximum annual assessment (the ceiling) without raising the actual assessment. By raising the maximum annual assessment, even when they do not want to increase the actual assessment, the association can raise the ceiling and give itself more flexibility in future years.

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