

March 29, 2009

RAISING DUES IN DIFFICULT ECONOMIC TIMES

QUESTION: Can the board continue raising dues, without ever asking the individual homeowners to vote about such an issue in these very difficult economic times???



ANSWER: As long as the board stays within limits set by [Civil Code 1366](#) (5% special and 20% regular assessments), it can raise dues without a membership vote. Even though board members are owners just like everyone else in the association, legal duties are imposed on them as soon as they are elected to the board. They may not want to raise dues any more than you do but they face potential liability if they fail to repair the common areas.

Spending. Boards have narrow budgets with little or no discretionary spending. At best, they can defer some maintenance and implement limited reductions on a few expenses. Maintenance deferrals can, however, pose considerable risk if a leaky roof results in significant water damage, mold, and litigation. In the end, the deferral may be much more expensive than the original repair.

Easy Answers? There are no easy answers. Boards can defer what is reasonable to defer, squeeze every penny out of the budget, and limit dues increases. But associations still have to pay their utilities, buy insurance, update reserves, collect assessments, prepare financial statements, mow the lawns, and make repairs. If service providers raise their rates, boards may have no choice but to raise dues.



The Federal National Mortgage Association (Fannie Mae) recently changed its lending guidelines. Changes that went into effect on March 1 will impact attached condominium developments throughout

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