

UNDERSTANDING ANNUAL ASSESSMENTS FOR COMMUNITY ASSOCIATIONS

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If you live in a mandatory homeowner association you probably pay yearly dues. These types of fees are also referred to as an 'annual assessments'. In most condominium and townhome communities the assessments are paid in monthly installments.

The obligation to pay annual dues is contained in the Declaration of Covenants for the subdivision. The declaration is filed on the deed records of the county Superior Court. You automatically agreed to the terms and restrictions in the covenants by purchasing your home. In this way, covenants are like other types of recorded restrictions, such as easements and right-of-ways.

The assessments are used by the association to maintain common areas; such as the front entrance, pool, tennis court, clubhouse, playground, or detention pond. There are other types of expenses, including insurance premiums, property management fees, accounting charges, and legal fees. In addition, it is important for the association to establish a reserve account that can be used for future expenditures and unforeseen costs.

The amount of the assessment is determined each year by the board of directors. They base their decision on the annual budget, which is an estimate of the association's costs and income for the upcoming year. The budget is calculated on the assumption that all homeowners will promptly pay their dues. If a homeowner does not pay, it causes a shortfall that must be made up from some other part of the budget, or from the rest of the membership.

The covenants sometime limit the increase of the annual assessments. This is often stated as a percentage, or is linked to government indicators like the consumer price index. Increases above this cap would have to be voted upon by the membership.

Most covenants allow the association to charge late fees and interest. This helps defer the expense for sending additional payment notices, and the loss use of the funds by the association. If the dues remain unpaid, an "Assessment Lien" can be filed on the property. This lien may contain extra charges, including recording costs, cancellation expenses, and attorney fees. It is not necessary to file suit in order to record the lien.

The purpose of the lien is to protect the interest of the association in case the homeowner's property is sold or refinanced. Depending upon the provisions contained in the association's documents, a homeowner's right to vote or use the amenities may also be suspended for non-payment of dues.

Some residents try to withhold payment of their annual dues based upon a complaint they have about the association, or because they don't use the amenities. The Georgia courts have ruled that a homeowner's obligation to pay is independent of the association's duty to provide services. Therefore, the homeowner should first pay the assessments, and then contact the association in writing regarding any questions or complaints.