

Questions #1: Is there a maximum percentage that the corporation can increase monthly maintenance fees by each year?

Answer 1: Common element assessments are determined by the Board of Directors through a budgeting process whereby they, with managements assistance, estimate all the costs of operating the condominium for the next year, including reserve contributions, utilities, wages, contract, repairs and maintenance, shared facilities and everything else that the condominium has to pay for. In preparing the budget the board takes into account prior history, current conditions and projected pricing for all budget lines along with any other factors that may be relevant. Owners should understand that their Directors, without exception, take great care not to spend unnecessarily as they know that cost increases have to be borne by the owners and the budget increase will be closely scrutinized. The total of the budgeted costs is then apportioned to each owner in accordance with their percentage interest as shown on Schedule D to the declaration.

There can be no upper limit to costs; whatever it costs to operate the condominium each year has to be paid by the owners. The only way to significantly reduce costs in the long run is to reduce or eliminate services presently enjoyed by owners and this leads to a building that becomes run down and a poorer place to live. Most costs increase at least with inflation and owners should expect that their assessments will rise by at least that amount every year. Assessments may increase by more than inflation should there be, amongst a host of other circumstances that raise costs, extra repairs or cold winters and warm summers that push utility costs up.

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