

MEMORANDUM FOR  
FOREST RIDGE ASSOCIATION (FRA) ASSESSMENT  
RULES INTERPRETATION

**PURPOSE:** This memorandum outlines the FRA Board of Trustee's interpretation of how Annual Assessments are determined in accordance with the FRA Amended Code of Regulations dated November 22, 2017.

**DISCUSSION:** Article XII Section 3 states that the annual assessments or charges shall be established by the Board of Trustees and that the amount shall be based upon the anticipated operational expense for the ensuing year. Article XII then states in Section 9 subsection (b) subsection 1 and 2 that the board then can apply either CPI (Subsection 1) or above CPI by vote of the members as outlined in Subsection 2. Article XII Section C states that the annual assessment may not be set higher than the maximum.

The Board's interpretation of Section 3 and Section 9 of Article XII is that the maximum is set by the Board of Trustees when they determine what the operational expenses are for the year as outlined in Section 3. Once the maximum is set, the Board can either apply CPI (to cover the cost of inflation for the year) as outlined in Subsection 1 of Section 9 or if the board wants funding beyond what is needed to meet operational expenses the board must go to the members as outlined in Subsection 2 of Section 9 for approval.

This rules interpretation was reviewed by the FRA Board of Trustee's attorney, who determined it to be "defensible under FRA's current Declaration/Code of Regulation and stems from a reasonable interpretation of its language on adjustment of such fees."