



Homeowners associations (HOAs) formed between 1992 and 1998 with a \$300/unit cap on annual assessments under state law have been losing ground to inflation since their formation. The chart above shows the decline in purchasing power for these associations if they were formed in 1992 or 1998. Although the inflation index used in this chart (and referenced in the Colorado law that governs HOAs) may not exactly reflect the actual costs for fuel, materials, labor, and services experienced by associations, the reduction in purchasing power experienced by all associations follows the same general trend.

When these HOAs are forced to raise their assessments beyond the state-determined \$300 cap, they become subject to the full set of regulations governing all associations, many of which are burdensome and involve additional costs.

Associations created under the law's \$400 assessment cap have been able to raise their assessments up to an inflation-adjusted cap while remaining exempt from most state regulations for HOAs since 1999.

(Sources: Colorado Common Interest Ownership Act, C.R.S. 38-33.3-116 and U.S. Department of Labor Statistics.)