

AIP (Assessment Incentive Plan)

AIP is an SLFAI Board Approved Plan to reward early Assessment payers with a credit, benefiting the Unit Owner as well as the Association.

❖ ASSUMPTIONS:

- The dollar amounts used below assume a base regular assessment amount of \$347.50 and AIP of \$7.50. Go to the “Member’s Only” Assessment Page to get the actual amounts for a particular year.

❖ BENEFITS:

- Unit owner pays less
 - Effectively earn over 10% APR by paying early
 - Unit Owner’s Annual Assessment Notice (mailed in Jan each year) will show a Zero balance.
- Association can carry-over less (from prior year) to assure “start-of-year” solvency
 - Carry-forward funds earn interest in Reserve Fund as opposed to being stagnant for immediate use.
 - Expense of Late Notices will hopefully be reduced drastically.

❖ HOW IT WORKS:

- If the below requirements are met, a credit of \$7.50 is issued to the Unit’s Account
 - Assessment amount is NOT changed (still \$347.50 per year per unit), but
 - Instead of sending check for \$347.50, Unit Owner remits payment for \$340.00
 - A Credit for \$7.50 is issued to the Account, bringing Balance (due) to Zero.

❖ REQUIREMENTS:

- Unit **MUST** be Current in Assessments
 - All Prior years’ Assessments must be (have been) Paid in Full (i.e., current Bal Due = Zero)
 - This includes any Fees, Late Charges, and any other charges or assessments against the unit
 - “Prior years” refers to any year prior to year for which assessments are being paid (if it is currently Dec 2008, and a unit owner is considering early payment for 2009, then 2008 is considered to be a “prior year”, even though it is, at the current time, 2008).
- There must not be an Assessments Lien outstanding against the unit.
- There must not be any active legal proceedings for collections of assessments against the unit.
- The payment must be Post-Marked on or before Jan 1st of year for which the assessments are due.
- Payment is subject to same validation as any other assessments payment – that is, if it is returned unpaid for any reason (stop check, insufficient funds, etc), then it is considered to NOT have been paid, and any subsequent (honored) payment is considered paid as of the postmark of the subsequent payment (and if that is past Jan 1st, then it will NOT be eligible for the AIP credit).

❖ **EXAMPLES:**

➤ **Unit Current in Assessments:**

- In month of Dec 2008, Unit Owner verifies, by viewing their Assessment Accounts Statement (in the “[Accounts Section](#)” of the website), that their unit’s account is indeed current (Bal Due = Zero).
 - This means that 2008 and all prior years assessments are Paid in Full for that unit
- Unit Owner then sends check for \$340.00 (for 2009 assessment), postmarked on or before 1/1/09.
- Check (or other payment instrument) is honored by financial institution (not returned unpaid)
- SLFAI then issues Credit of \$7.50 to Unit’s Assessment Account, bringing balance to Zero.
- Annual Assessment Notice (sent to each unit owner mid-January) will reflect this activity.
 - This notice only shows current assessment (\$347.50) and Prior Balance (in this case, -\$347.50)
 - This means that the payment is considered to be received in 2008 (if postmarked 1/1/09, will be credited to 12/31/08), so that it will appear on the notice as a negative prior year balance.

➤ **Unit NOT Current in Assessments (Balance Due is Positive):**

- In month of Dec 2008, Unit Owner verifies, by viewing their Assessment Accounts Statement (in the “[Accounts Section](#)” of the website), that their unit’s account has a Balance Due of \$xxx.yy (non-negative; if non-zero balance due is NEGATIVE, there is no problem – in fact, that would further reduce the amount needed to be paid).
- For this example, let’s say the amount still owed is \$100.00
- Unit Owner makes payment for \$440.00 (\$100 to make current, and then \$340.00 AIP plan pmt).
- To avoid an additional late charge in this case (as there is a possible late charge added at end of each month for non-zero balances), the payment in this case needs to be postmarked prior to 1/1/09. Such additional late charge would make AIP unavailable, as account would not have been made current.
- Remainder of this example is as in first example.

➤ **Unit NOT Current in Assessments (Balance Due is Negative):**

- In month of Dec 2008, Unit Owner pleasantly discovers, by viewing their Assessment Accounts Statement (in the “[Accounts Section](#)” of the website), that their unit’s account has a Negative Balance Due (i.e., a Credit).
- For this example, let’s say the Balance Due is: **(\$100.00)**
- Unit Owner makes payment for \$240.00 (\$340.00 AIP plan pmt, less credit of \$100), postmarked on or before 1/1/09.
- Remainder of this example is as in first example.