

Homeowner Associations: Necessary, Necessary Evil or Just Evil

by Amy Copeland

www.associatedcontent.com

August 27, 2008

It seems everyone has a horror story about a Homeowners Association (HOA) who was out to get them or a friend. Fines for weeds, unwillingness to allow truck or RV parking, unfair assessments, etc. are common complaints. But are HOAs really that bad?

The answer is probably sometimes. Some HOAs have incredibly strict rules and Board Directors with nothing to do but thrive on power. Most HOAs, though, are often labeled guilty by association and evil by homebuyers who may not clearly understand how to work with - not against - the HOA.

Prior to buying - what you need to know

- Understand that when you buy into a community with an HOA, you are purchasing into a deed-restricted community. This means that other people can tell you what you can do with your home and your property. Period. If that concept is not acceptable to you, avoid communities with an HOA.
- Ask for a copy of the Rules & Regulations and the Association Covenants early in your buying process. Too often, homebuyers wait until they have fallen in love with a home and decide that the HOA will be "okay." Know what you are getting into upfront. Review the "Use Restrictions" section of the Covenants and the Rules & Regulations carefully. Common guidelines include how many vehicles can be permanent at your home. Some HOAs specify two vehicles. That might work when Mom and Dad are the only drivers but consider how long it will be until Junior is ready for his/her own vehicle.
- Review the Association Budget. Ask your realtor for the assessment history - have fees increased significantly year to year or held closely to the cost of living? When was the last Special Assessment and what was it for? Does the association have adequate cash reserves for items like pool or tennis court repair, roofs (if attached villas or condos) or painting?
- If you plan to rent or lease your unit, review the policies. Many HOAs have rules for tenants. For example, many HOAs allow pets for owners but disallow them for renters. These are legal restrictions.

Once you've moved in

- Make a point to learn who the directors are of the association and get to know one or two. Board members are volunteers and while there are some power-hungry individuals, most board members volunteer because they are interested in maintaining the community, increasing property values and providing a peaceful place for homeowners.

- Introduce yourself to your property manager. Some communities have an onsite manager; others hire a property management company. Call your manager and introduce yourself. Ask for the "hot button" issues in the community - parking, dog manners and rental procedures are common.
- Get involved. While elections for board members are held once a year, most associations are always on the look out for committee volunteers.
- Pay your assessments on time. Many states have laws governing HOAs that favor the Association. For example, in most states the association does not have to send you a statement - failure to receive a statement does not negate your responsibility to pay on time. If you do not, you may be assessed late fees and statutory interest. Do not withhold payment if you are fighting with the association over any issue. The association has lien rights and can even foreclose the lien and take the home.

If you have a conflict

- Know your rights. There are two documents that govern your association - the HOA Bylaws and your state's statute regarding HOAs. If you have a conflict with your association, those two documents determine your rights for a grievance hearing.
- Contact your state ombudsman. Again, state statute guides HOAs and each state has individuals trained to explain those rules to you. If your manager/management company is failing to follow proper procedure, you can file with the state against that manager's license.
- Hire an attorney who specializes in HOA law. If it comes to it and you simply cannot reach agreement with your HOA, make sure any attorney you hire specializes in association law.