

### A good first step in home owner savings

HOA Home Owners can save \$350 each when they sell their home: end HOA Transfer Fees

Visit the Colorado HOA Forum's web site [coloradohoaforum.com](http://coloradohoaforum.com) for a wealth of information on this property manager (PM) fee. The fee represents duplicate billings to home owners, is not justified by work completed, it is pay on demand with no questions asked or even a written receipt for work completed, is retained by the PM not HOA, is not a required charge to the home seller by either the HOA or by law, and if you don't pay it you will not be able to sell your home and/or a lien will be placed on your home that can lead to foreclosure. This abusive practice is easy to end and save home owners money simply by instructing the property management company (PMC) the fee is not allowed and the only mention of this fee in their contract will state that the fee can only be charged upon the sale of a home for unique charges only incurred by the management company due to the home sale and only for work completed that is necessary to meet demands for the sale of the home and no optional services unless authorized by the Board at time of sale. Note these fees average \$350 but often range from \$400—1,000.

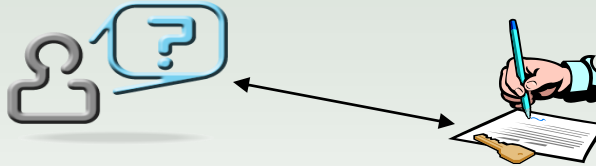
**Note: Transfer Fees are not charged by all PMCs with no detriment to the HOA or PMC!**

### **HOA Property Management Companies (PMC) Supervising the Supervised: very costly**

If the PMC is assessing charges on capital improvement, landscaping, snow removal or other contracted services to oversee/supervise the work this is double billing. The company performing the work for the HOA already has their own supervision and quality control and should be spelled out in their contract and needs no additional supervision by the PMC

Colorado HOA Forum: a home owner's advocacy group dedicated to improving HOA governance and enforcement of home owner's rights.  
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**Colorado HOA Forum**  
[www.coloradohoaforum.com](http://www.coloradohoaforum.com)

A How-To guide for containing/reducing HOA Operating Costs and HOA Dues without negatively impacting the quality of life and home values within the community



## **HOA Home Owner's Cost Reduction Ideas**

**(the goal is to increase the efficiency & effectiveness in financially managing the community's resources without impacting the quality of life/property values in the community)**



Home owner involvement, asking questions, and knowledge about how HOAs are managed can save

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### **Guiding Principle of HOAs HOA Boards Must Manage the Community Not the Property Management Company**

Most HOAs are managed by property management companies (PMC). Most HOA Boards are not exercising their fiduciary responsibilities of managing the PMC and its' contract limitations and responsibilities. Boards too often blindly allow PMCs to independently advertise contract offers, evaluate bids, and award contracts opening up questionable and costly business practices. Boards are too often directed/influenced to take on litigation that may have very low cost/benefit results and slim chances of winning with the only winner HOA lawyers with relationships to the PMC.

An HOA Board that blindly relinquishes responsibilities and financial decisions to PMCs will increase HOA operational costs.

**Consider changing your HOA governing documents to limit independent action by an HOA Board to enter into litigation or make special assessments without home owner approval.**



A good place to start is an audit of the HOAs contract with the PMC and overall contract award and execution practices.

HOA Home Buyer's and Maintenance  
Brochures are available on our web site  
[www.coloradohoaforum.com](http://www.coloradohoaforum.com)

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## Cost Saving Opportunities

### **Gated Communities:**

Remove Gate and save on paving, snow removal costs  
Install security cameras on gates to identify vandals

### **Community Center:**

Who and how many are using: cost justification for all amenities  
Can service be provided at less cost elsewhere, hire a contractor to run, pay dues of home owners to use a club/community pool and vs keeping HOA pool  
Operating hours and staff  
Amenities provided: swimming pool, spa, appliances, internet, cable tv: review and compete all service contracts and seek out alternative providers  
Bar-b-que areas: used, needed, or eye sore  
Use of printers and faxes and supplies: monitor use/limit use

Partner with nearby HOAs in bidding for trash pickup/recycling to take advantage of economies of scale



Take control of your newsletter and sell advertising

Eliminate mailing charges that could otherwise be completed by email  
Mailing home owner monthly billing statements vs email or only on demand  
Policy to replace security keys, remotes when home owner loses  
Snow removal contract and policies: re-bid, when are roads plowed (inches on ground, not during snowfall, begin one hour after snowfall ends), when side-walks are shoveled

Utilities usage policy: water  
Trash pick-up options and/or contract

## **HOA Home Owner's Cost Reduction Ideas**

### Change governing documents

Place limits on the amount of special assessment a Board can independently complete without home owner vote



Require all litigation entered into by the HOA other than everyday requirements such as debt collection be approved by home owners

Place limits on the amount of any special assessment that can be made without home owner approval.

Pet restrictions: consider measures to ban vicious dog breeds or by size to reduce HOA community and individual home owners insurance



Home owner's insurance: don't over insure your residence, if the HOA has an master/umbrella policy that covers damages such as your roof and siding you may be eligible for H06 insurance coverage

Maintenance responsibilities: ensure the HOA is not paying for home owner repairs and maintenance not identified in the governing documents

Review the contract with property management company (PMC): end non-essential services; end services that other staff or volunteers can complete; ensure PMC is not charging to supervise capital projects, snow removal, or landscaping jobs

Review the continuation of HOA community amenities: survey usage, cost to maintain, services provided elsewhere.

Charge for special parking needs such as RV parking  
Rent out clubhouse

Get prior approval from the HOA Board for all home improvement and landscaping projects PRIOR to completing the work

### Cost Avoidance

If you are a small HOA with non-complex community needs consider self managing to reduce property management costs

Recognize volunteer work that saves all home owners on expenses

Curtail clubhouse hours

Develop maintenance schedules for community resources to avoid major repairs

ADA compliance to accommodate home owner needs and avoid legal problems

Transfer maintenance responsibilities to home owners and penalties for negligence

Apply for community/State/Federal grants on capital projects

Home owners should periodically inspect financial records for suspected misappropriation of funds

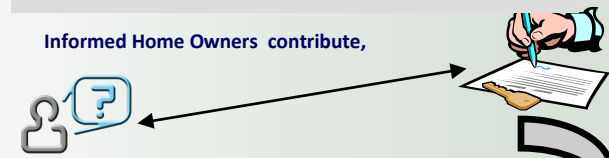
Safeguard capital projects with proper insurance, consider an owner controlled insurance policy ("OCIP") coverage

Fidelity insurance for crime: fraud, embezzlement

Be aggressive in collecting delinquent accounts

Contracts with management companies should preclude home sales transfer fees, contract oversight fees, require public competitive bidding

**Informed Home Owners contribute,**



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