

HOA Transfer Fees

You Do the Work but are Still Charged by Management Company

HOA home sales transfer fees are claimed to be charged by HOA property management companies (PMC) to get reimbursed for expenses they incur that are unique and extraordinary in the sale of a home. In particular, they must change names in directories due to divorce, death, kids coming and going; change bank accounts for HOA dues payments; issue new security codes; provide new owners with a newsletter and parking pass, etc. all of which are ordinary and paid for via HOA dues and result in NO additional costs due to the sale of a home. The other two contended components of this fee “costly” to management companies: 1) providing the home buyer and Title company with copies of HOA governing documents mandated by the State. These are all available for no additional cost to home owners (except for copying and mailing costs as needed) on the HOA web site or upon request and such service paid for as part of HOA dues 2) providing the buyer and Title Company a copy of the home sellers current and final billing indicating if HOA dues, special assessments, fines, fees are current or in arrears. This also has been paid for with HOA dues.

Home sellers are unaware they can complete the aforementioned themselves or through their Realtor at no cost or through a service provider for \$45-65. The documents sent to the home buyer and Title company carry no more validity than when the home owner does the work, NONE! Shame on HOAs and Realtors for not informing home owners of this cost saving option.

Now for the consumer insult that PMCs have gotten away with forever. First, even when home owners complete the task of providing documentation to home buyers and the Title Company they will still be charged the \$350 by the PMC (who has done nothing to earn the fee) for a home sales transfer fee and an additional \$150+ for their sending the documents to the Title Company. Let’s say this again, the home seller sent the documentation to the home buyer and Title Company, informed the PMC of this, and still the PMC will receive on average \$500+ for doing nothing. Second, since the PMC is the only business that can demand payment without providing any detailed receipt/invoice indicating what they did to earn the fee (the invoice would reveal the scam) it is pay it or you can’t sell your home. Third, Colorado had a property manager licensing law for five years that expired and is up for renewal in 2020. During this time consumers have requested the Department of Regulatory Agencies (DORA) that manages the program to mandate an invoice be provided to home sellers on this fee. This would have surfaced this abusive and predatory fee but declined. Legislators have also been aware of the problems with the fee but refused to address the problem. The fee costs home owners upwards of \$10 million a year. Do the math and you see Colorado home owners have been taken and taken big time.

Hopefully during the 2020 legislative session we see a Bill that addresses this costly and abusive practice to save home owners big money: require a detailed invoice and mandate HOAs inform home owners of cost saving alternatives to satisfy home closing documentation requirements i.e. Transfer Fee.