

## The Basics on HOA Financial Living and other requirements (vs Living in a Non-HOA Community)

- The amount paid in HOA dues is mostly related to the services you receive.
- Don't assume maintenance free means "everything" is covered by the HOA, read our maintenance guide and ask questions, you may have more to maintain than you think
- HOA dues fund maintenance, replacement, repairs, and community improvements and amenities
- The HOA reserve fund guarantees maintenance/replacement
- HOA Special Assessments for special projects/capital improvements can be expected
- Home insurance less under HOA if HOA has community blanket policy paid for with your dues
- You may have to pay for cable tv as part of your dues whether you watch cable or not
- Some HOA condominium HOA dues include charges for water, heat, A/C and other utilities
- HOA trash pick-up and recycling included in dues?
- HOA: Gated communities you will be paying twice for snow removal, lawn maintenance (of common areas), streets etc.: once with taxes, once with dues
- Selling your HOA home will cost you more: transfer fees, additional Title Company HOA fees: \$400-1,000
- HOA cost of services/repairs may cost you more as the HOA may mandate the types of materials to be used and other aesthetics
- Unexpected conformance/aesthetics costs paid for by home owner: mailboxes, house numbers, non-chipping paint, fence repairs, driveway concrete repairs
- HOA approved installation and home improvements may cost more to meet HOA standards
- Gated communities: police, traffic and parking enforcement (except fire hydrant, etc) provided via HOA dues.
- Pay your dues, special assessments and fines, non-payment can result in foreclosure
- You will be fined for non-compliance with HOA rules

Buying a home in a Homeowners Association (HOA) is different. Learn what you should know BEFORE buying your home.

### #1

Read the HOA Governing Documents to avoid problems

## **HOA Finances Cost of HOA Living Vs Non-HOA Community**



**Not so quick! Do your homework.**

**Get Informed  
Before You Buy**



**Contact Us: Email [coloradohoaforum@gmail.com](mailto:coloradohoaforum@gmail.com)**

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## **HOA Home Buyer's Kit Cost of HOA Living vs Non-HOA Community**

When selling your home property management companies will assess you \$350 to \$1,000 for a home sale transfer fee that you can complete yourself for \$125 or less. [coloradohoaforum.com](http://coloradohoaforum.com) web site and click on Transfer Fees.



No one formula to compute a cost benefit.  
Depends on your goals and objectives, what you want to or are capable of doing yourself, services provides vs HOA dues, etc. Much of the cost-benefit analysis of HOA living is a personal analysis.



**Considerations in evaluating the total cost of home ownership between an HOA and non-HOA community:**

Home purchase price: generally, homes in HOAs hold their value and appreciate more than traditional non-HOA communities. This is a tangible consideration at the time of purchase and sale but will not be considered in our comparison.

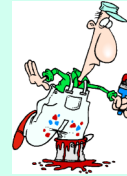
Taxes: taxes on the home are generally based upon county estimates of the value of the home. Thus this will not be considered in our evaluation. However, HOA home owners often pay taxes for community services twice and/or pay for community services not used as they have similar government paid for (with taxes) within the HOA paid for with HOA dues. An example would be a gated community pays for its' own snow removal and street repairs but are assessed taxes by the local government at the same rate as non-HOA homes. Same with community amenities open to the public but not used by HOA home owners such as swimming pools and tennis courts that are within and paid for by HOA home owners.

It's the HOA Dues that make the difference either positively or negatively. Home owners must determine the value received for dues based on services received and match this against personal expenses that would otherwise be incurred. If the monetary differential amount is significant it can affect your purchase decisions and its' affordability.

This ten year comparison between paying monthly HOA dues and living in a non-HOA community is opened to criticism but may provide some insight into the pros and cons of HOA dues.. There are many other factors that will not be assigned a monetary value with HOA living that are important to the home buyer: aesthetics, strong controls and covenants over property maintenance, community amenities, home value appreciation, lower crime rates, senior citizen considerations, etc



**HOA Home Buyer's Kit  
Cost of HOA Living  
vs  
Non-HOA Community**



Ten Year Comparison\*\*\*  
HOA Dues \$350 month

Item	HOA**	Non-HOA
Monthly dues	\$350 42,000 10 yr	0
Roof Repair	included	12,000
House Painting	included	3,000
Lawn Maintenance	included	9,000
Water Lawn	included	2,000
Trash/Garbage	included	6,000
Cement work	included	6,000
Gym/health club	included	6,000
Home insurance*		3,000
<b>Total</b>	<b>42,000</b>	<b>47,000</b>
HOA may not include/home owner completes or service not required by home owner:		
Gym/Health Club		(6,000)
Roof Repair by owner	+12,000	
Lawn Maint (mowing by home owner)	(4,500)	
<b>Adjusted total</b>	<b>54,000</b>	<b>36,500</b>

\* HOA home owner's insurance costs can be less if HOA carries a master policy resulting in a single family home being charged a condominium rate

\*\*HOA services can include snow removal, tree planting and trimming, fertilizing, insect spraying and other services that can cost a non-HOA home owner but are not in this comparison. HOA fees can go up year after year and add thousands to the ten year total

**Assumptions in this comparison of cost of living in an HOA vs non-HOA home ownership.**



Monthly maintenance fees vary greatly among HOAs and the services included/paid for with the fees is not very consistent among HOAs.

Home ownership costs will assume maintenance and repairs completed to a level to maintain the home's quality and avoid degradation of value due to disrepair and excessive wear and tear.

This comparison is kept as simple as possible and attempts to model based on most common HOA maintenance and services provided through HOA dues.

Some HOAs and HOA condominium complexes include cable tv and utilities but are not included in this comparison. Some HOAs charge additional fees for use of health club facilities or parking spaces but are not in this comparison.

Homes in HOAs tend to appreciate more than in non-HOA communities but no value was assigned to this factor

This presentation is meant to help and provide the home owner in gaining a basic understanding of the 10 year cost of living in an HOA and having certain services paid for with HOA dues vs the cost of the home owner to provide similar services using their own resources.

The monetary advantage of HOA vs non-HOA living is highly influenced by the value/services received from your HOA dues, what maintenance the home owner can complete on their own, frequency of maintenance tasks, etc. Thus any cost benefit analysis is highly influenced by the personal needs, capabilities, and priorities of the home buyer.

