

## **HOA home owner loses \$450 due to refusal of property management company to provide invoice**

An HOA home owner sold their house and will be relocating out of state. The employer is paying moving and home sale expenses as long as all requests for reimbursement are reasonable and supported by documentation. The home owner was charged a \$325 HOA Home Sale Transfer Fee and \$125 Title Company Administrative Fee. Both fees are determined, charged and retained by the HOA property management company (not the HOA) and paid by the home seller. The home owner requested an invoice with an explanation of charges from the property management and Title Company but was refused. The home seller offered their employer a copy of closing documents as documentation that showed via a one line entry (no explanation) "HOA Transfer Fee" but this fell short in meeting the employer's requirement for documentation and an explanation of charges (the full story on this issue). The home seller lost \$450 and had no recourse under current Colorado State law. HOA property management companies are the only business in the State (and maybe in the U.S.) that can demand payment without providing a detailed invoice of services performed. Furthermore, if the fees weren't paid the home sale would be blocked.

Employers can be very generous in compensating employees for expenses related to job relocation but must be prudent in approving all reimbursements. The words "HOA Transfer Fee" have a broad meaning (and words on a home closing document are not an invoice or explanation of charges). They can be interpreted as the repayment of funds to the HOA for anything from unpaid assessments or fines, prepaying HOA dues for the buyer, payment to a developer for a transfer of title, a fee associated with funding amenities for the HOA, a buy-in to a country club, etc. Not all of these explanations would result in reimbursement from the employer. Thus it is important to the home seller and in this case the employer to get an explanation and documentation to justify the request and payment of home relocation expenses.

The employer agreed to pay all legal, reasonable and mandatory expenses required to sell the home including real estate commissions, document filing fees, loan processing fees, etc. In the case of Transfer Fees they are not legally required nor is there a standard amount charged. As mentioned, there is no standard use or common understanding of what a Transfer Fee represents thus clear documentation of the expense is required. Unless an invoice is issued the employer can't tell if the charges are legal, optional to the home seller, a personal debt to the HOA, are mandated by the mortgage company or others, etc. Also, employer's also want to know that invoices submitted for reimbursement contain reasonable charges making a detailed invoice a critical part of the reimbursement decision process. Invoices are also important to home sellers when such payments might be tax deductible (if not reimbursed) and to employers who need invoices to support payments. Ambiguous one-liners on home closing documents are simply inadequate.

Our organization, Colorado HOA Forum, wrote to the Department of Regulatory Agencies (DORA) that writes operational rules under PM licensing to include a requirement that all demands for payment by PMs be supported by a detailed invoice under the full disclosure clause. DORA refused and the consumer who DORA is supposed to represent loses. An invoice in this case to support the Transfer Fee would be mostly involve a final billing statement that is available (and already paid for through HOA dues) at no cost upon request. Other charges to the home owner most certainly could be documented in detail if valid and costs incurred without cost to the property management company. What are these companies attempting to hide by fighting a requirement to provide an invoice like all other businesses in this state?

The home owner is still asking for an invoice to support the reimbursement claim to the employer but at this point is out \$450 due to the actions of the PM and enabling of this abusive business practice by DORA.