

Colorado HOA Forum
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HOA Transfer Fee Fact Sheet

\$15+ Million Cost to Home Buyers/Sellers Yearly

Support Home Owners, Limit HOA Transfer Fees!
Limit this abusive fee on Colorado home buyers/sellers

The transfer fee on residential home sales was made illegal with SB 11-234 except for community membership associations such as HOAs, mobile home parks, and timeshare properties. A legislative Bill is the only way to limit and enforce this abusive fee!

The transfer fee's intended use is to reimburse Community Association Managers (CAMs) for extraordinary expenses incurred in the conveyance (home sale) of property. Such expenses are already paid for via HOA dues or through the CAM's contract with the HOA and/or through a Document Processing Fee charged by the Title Company. Such CAM expenses must be unique to a home sale, not similar to routine daily work, and resulting in increased measurable expenses: the Transfer Fee fails this test.

HOA dues are intended to pay CAMs to complete community maintenance, administrative, and financial tasks. CAM transfer fee work includes: 1) completing a Status Letter (form letter) indicating the home seller's financial status with the HOA (aka a routine bill) and 2) updating HOA records similar to that required upon a divorce, marriage, or death. Thus, Transfer Fee work is paid for via dues and such a fee represents duplicate billing. There are HOAs providing status letters for no fee and successful CAM's/HOA's charging \$50 to complete both these tasks.

A CAM transfer fee is not restricted in amount, is retained by the CAM, and not negotiable. If the fee is not paid the home can't be sold even though the transfer fee is not a legal requirement. Some HOAs don't impose a transfer fee.

Transfer fees mostly range from \$50 to \$450+. In some cases fees are \$750-1,100. The amount is not related to the costs incurred but charged "because it can".

Transfer fees can't be shopped in the market place like REALTOR commissions and title insurance and are not negotiable and unlimited in amount.

Limiting the fee to \$50 will NOT result in financial burden to businesses. CAMs operating within this limit will prosper; others will become more efficient/competitive.

TRANSFER FEE QUICK FACTS USE AND ABUSE

Intended for reimbursing Community Association Managers (CAMs) for **extraordinary expenses related to the conveyance of property** (home sale) and include: 1) issuing a **Status Letter** documenting the seller's financial status with the HOA and 2) **changing HOA records**.

Made illegal in 2011 on residential home sales **except community association membership** neighborhoods including HOAs, mobile home parks, and time shares: SB 11-234.

CAMs, **not HOAs**, mandate, set the amount of, and retain the transfer fee.

Not a legal requirement but you can't sell your home unless paid?

Unlike REALTOR commissions and title insurance that can be shopped in the market place, this **fee is not negotiable, unlimited in amount, and not previously agreed to or accepted by either the seller/buyer**.

The Status Letter is provided by some HOAs/CAMs **as a no fee service** and considered paid for via HOA dues.

Range **from \$50 to over \$1,000** for like services and have little to do with costs incurred.

HOAs and CAMs charging \$50 or less experience **no financial hardship**.

It's in **conflict with the law** for CAMs to use a transfer fee as: a source of income unrelated to recovering home sale expenses; a means for CAMs that allows for low bidding on HOA contracts with anticipation of transfer fee income; or for HOAs to use the fee to finance capital projects or to pay for operational expenses.

The transfer fee is not related to costs incurred or services performed.

HOA contractual costs will not be impacted if the CAM is recovering extraordinary and uncompensated expenses via the transfer fee, if the CAM is charging \$100 or less and/or the CAM is using the transfer fee according to the law.