

Who Really Manages Most HOAs?

What you should know!

Most HOAs are managed by HOA Property Management Companies (PMC). HOA Board of Directors are elected by home owners to manage the community finances and affairs but too often concede these responsibilities to a PMC. This happens due to the lack of experience and knowledge of HOA operations and HOA laws. A partnership between the HOA Board and PMC should be very beneficial to the community taking advantage of the expertise and skills offered by the PMC to ensure compliance with HOA laws, implementing quality controls over finances and services and implementing industry best practices and planning.

Problems can surface when a PMC gains too much control over the decision making process within an HOA. The assignment of accountability for delivery of services and financial management becomes blurred and often confusing to home owners. Note, in practice a PMC should not complete any task without the approval of the Board and quality control over services is ultimately the responsibility of the Board. Home owners inquiring about services generally deal with PMCs but corrective action on deficiencies is at the direction of the Board.

HOAs can replace a PMC for cause. In States with PMC licensing a home owner can file a complaint against the PMC with penalties for non-compliance with their guidelines and code of ethics. Home owners can replace/recall Board members that are negligent in their fiduciary responsibilities related to financial management practices and ensuring delivery of quality HOA services through through PMC contracts.

Note, most HOAs use and need a management company. Volunteers simply don't have the expertise required to manage the community assets, operations, and finances. The Board and management company are partners and the board must have a level of trust with them but has a fiduciary responsibility to verify and oversee their work.

In summary, if HOA services are not provided as expected or of poor quality the home owner's complaint is with the HOA Board and not the PMC.

In this guide:

Ask Questions?

We supply the questions, you need to get the answers supported by documentation.

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

#1

Read the HOA Governing Documents to avoid problems

HOA Home Buyer's Maintenance Guide

(a list of questions that need answers prior to buying your home)

- Who is responsible for what?
- What services are paid for via HOA Dues or with additional fees?
- Cost of Dues vs deliverables: reasonable or excessive?
- Reserve funds: adequate to complete the promised services?
- Is the HOA self-managed or use a property management company?
- Know what questions to ask to determine the value for your HOA dues?



Not so quick! Do your homework.

HOA POST- PURCHASE BLUES: home buying problems can be mitigated by becoming an informed



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

HOA Home Buyer's Maintenance Guide

These are the Questions to Ask?

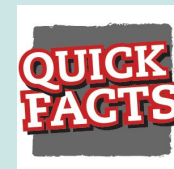
Ask these questions!

Use this guide to determine what the HOA will maintain and what you will be responsible for prior to closing on the home.



Use the HOA Home Buyer's Maintenance Worksheet to track your work: available in the Kit

#1 Read the HOA Governing Documents Understand the Controls, Covenants, and Restrictions before Closing on the Home!



Contact

Email: coloradohoaforum@gmail.com

Web Site: coloradohoaforum.com

Get answers to these questions on who maintains what in the HOA before you buy. Maintenance responsibilities determine the amount of your monthly HOA dues and allow you to determine the value for your dollars. It's simple: low dues = less HOA services. However, high fees don't guarantee quality provided services.



The Basics:

Your realtor should work with you to obtain this information.

Your HOA dues pay for community maintenance. This guide will allow you to make a determination on the value received for dues paid and services performed.

The HOA should identify maintenance responsibilities: in writing!

Walk the community, observe if HOA maintenance responsibilities are completed satisfactorily, sidewalks, driveways, pool, clubhouse.....

Visit neighbors and ask questions about quality of services performed by the HOA

READ THE GOVERNING DOCUMENTS!



HOA Reserve Fund:

The reserve fund is used to maintain the community, validate adequacy, planned assessment to replenish, last audit

Identify any existing HOA citations on the the home related to maintenance: roof replacement, sewage, painting.....

Get a home inspection to identify problems for which the HOA is responsible for and if you expect the HOA to fix the problem, get it in writing. Read our home inspection brochure.

Research the property management company: they usually run the HOA! If the State requires licensing check with the State regulatory agency.

Insurance:

Your HOA most likely carries an association insurance policy. Find out what the HOA policy covers related to your home as this can result in reduce homeowners insurance rates.



Inquire about rate discounts if you use the same insurance company as the HOA.

Golf Course: Golf Course: if the HOA owns the golf course and/or restaurant your HOA dues may be subsidizing them, can be increased to make up for losses or pay for capital improvement. You may be required to join the golf club or pay a restaurant fee even if not used.

Ask these Questions About Who Maintains What?

Exterior: restrictions/responsibilities

- Address Numbers on Homes
- Exterior Painting of Home
- Doorbells and Chimes
- Doors including molding, frames, locks
- Street Light posts
- Lighting mounted on homes
- Entryway lights
- Electric Supply boxes Attached to Homes
- Cable Boxes (outside home)
- Water Faucets (outside home)
- Home Foundations
- Gas Lines from Meter to Home
- Gutters and downspouts including extensions
- Outdoor pest control (moles, voles, etc.)
- Cement: porch, driveway, sidewalks
- Porch patio and deck additions and maintenance
- Retaining walls
- Roof of House including vents
- Television receiving devices (outside home)
- Water seepage—underground source
- Drainage problems
- Windows on homes
- Personally installed security systems/lighting
- Irrigation and watering systems



Interior: restrictions/responsibilities

- Attic vents and screens
- Firebox and flue cleaning and repair
- Fire and burglar alarms
- Flooring
- Normal settling and cracks
- Roof leaks
- Vents
- Walls, non-supporting
- Painting
- Pest Control



Utilities: restrictions/responsibilities/cost

- Air conditioning including condenser
- Furnaces and heating
- Hot water heaters including water lines
- Lines from exterior walls into home (phone, gas electric)
- Sewer Systems: who provides
- Garbage pick-up and recycling, separation requirements, separate barrels
- Cable TV, Internet: HOA provided?
- Lawn and outdoor watering?

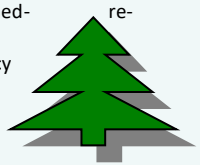
Grounds and Common Areas: restrictions/responsibilities

- Fences and Gates and Entranceways
- Lawn service
- Trimming shrubs and trees
- Tree trimming
- Snow Removal: road, sidewalks, driveway, home entranceway?
- Street, parking lot, and park lights
- Use of common areas: prohibitions on dogs or children
- Mail boxes: painting, replacement
- Streets, driveway and parking lots paving/repair

Ask these Questions About Who Maintains What?

Miscellaneous: restrictions/responsibilities

- Garages including doors
- Trash Collection: frequency
- Cable TV service and Internet
- Clubhouse exercise rooms, pool, meeting rooms, and other amenities
- Fees in addition to HOA dues
- Entry gate remotes/keys costs
- Planned special assessments for maintenance
- Golf course and broken windows
- Gated community: you will pay for HOA manage security, streets and/or sewage
- Tree trimming: what trees are trimmed-replaced
- Roof replacement, painting frequency
- Tile roof cleaning
- Gutters on house
- Porch lighting
- Mail box painting and replacement
- Sprinkler systems



Condominium Issues:

- Exclusive use areas vs common: who maintains
- Fogged windows
- Plumbing, water and electrical
- Mold and ceiling leaks
- Radon
- Storage areas and parking garages
- Heating and A/C repairs
- Generally, the HOA maintains outside your unit, you maintain your living quarters

Self managed or professionally managed

It's more than a cost issue, management companies advise on contracting, legal issues, financial management, etc. The larger the community the more need for a management company. HOA Board members don't have the time or experience in all facets of HOA management to ensure effective delivery of services and sound .

Cost vs Value

Figure out the value you receive for paying HOA Dues using this brochure. Your HOA dues can mostly be considered the cost of maintenance. Low dues mostly mean little is the responsibility of the HOA other than covenant enforcement. High dues will normally indicate more services provided by the HOA. Decide prior to purchasing the home if you feel you receiving value for your dues.

Use the HOA Home Buyer's Maintenance Worksheet to track answers to these questions



**Get Informed
Before You Buy**