

Home Owners Association Fees and Your Property



Maybe you've moved into your first home, or it's your first encounter with a development that has a homeowner association (HOA). Either way, you may be unfamiliar with homeowner association fees. The key to understanding these fees is first to understand the association itself. Do your own homework, because neighborhood developments are all different. One association may use these fees for certain types of services, while another may use fees for a completely different set of services or brick-and-mortar expenses.

The Association

- A homeowner association is created at the time the development itself is created. In fact, the real estate developer is the brains behind the formation of the association. These associations are actually quite formal and include their own set of bylaws. They may dictate design or structural standards, to maintain conformity in the development, for example. In some ways the association is like a subdivision's policing body; it strives to oversee and manage the development to maintain its quality and, in turn, value.

Common Property

- Fees are shared by those who live in the development. The fees go to pay for common property that everyone shares. That property can differ from community to community, and may include a pool, tennis courts, clubhouse and private roads.

Common Expenses

- Fees don't just cover shared property, but shared services. These services may include lawn care, such as snow removal and the use of a tree service to remove dead or downed trees.

Method

- You probably can find out about the homeowner association fees when you receive the breakdown of your monthly mortgage payments. Usually, these fees are rolled into your mortgage payments. These fees are mandatory if your development has such an association. In addition, the fees are usually assessed on either a per unit or square footage basis.

Additional Expenses

- For the most part, your fees are set. The time when you may receive a surprise is after a costly, destructive occurrence within the development. For example, if high winds damage the roof of the clubhouse, the homeowners in the development are responsible for those repairs. Same goes for a fire that destroys a portion of the development. Everyone will pitch in to get things back to normal in the form of a special assessment, to raise funds for those unexpected expenses.

Insurance

- Fees may also go toward premiums for disaster insurance. However, the homeowner association is not obligated to pay for any portion of insurance premiums to cover individual units or property



Lawyers Title
INSURANCE CORPORATION