

10 Questions to Ask the HOA

Before you close, take the time to do your due diligence and actually read (or at least skim) all of the docs provided pertaining to the HOA governing the property of interest. The goal is to answer any and all questions you have about specific rules for the property and community and to answer the following (important) questions below.

In the process of reviewing the information and discussing with your agent, you'll learn how responsive, and organized, the HOA and its members are. And you'll also be alerted to potential problems with the property.

1. What percentage of homes are owner-occupied? What percentage are tenant-occupied? Generally, the higher the percentage of owner-occupied properties, the more marketable the homes will be at resale.

2. What covenants, bylaws, and restrictions (CC&Rs) govern the property? What grandfather clauses are in place? You may find, for instance, restrictions on short term rentals such as Airbnb. Ask for a copy of the bylaws to determine if you can live within them. And don't be afraid to consult with an attorney to get their opinion about the docs, including the master deed, if you can't get the answers you need from your agent or escrow officer.

3. How much does the association keep in reserve? Plus, find out how that money is being invested.

4. Are association assessments keeping pace with the annual rate of inflation? Smart boards raise fees a certain percentage each year to build reserves to fund future repairs. To determine if the current fee and projected increase are reasonable, compare the rate to others in the area.



5. What does and doesn't the HOA fee cover? Does the fee include common-area maintenance, recreational facilities, trash collection, and/or any other benefits?


6. What special assessments have been mandated in the past five years? How much was each owner responsible for? Some special assessments are unavoidable. But repeated, expensive assessments could be a red flag about the condition of the community or the board's fiscal policy.

7. How much turnover occurs in the area? This can be an indication if residents are generally happy with the HOA.

8. Is the Homeowner's association in litigation? This is never a good sign. If the builders, HOA and/or their management company or homeowners are involved in a lawsuit, reserves can be depleted quickly.

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9. Is the developer reputable? Find out what other projects the developer has built and visit one if you can. Ask residents about their perceptions.

10. Some of your personal preference questions might include

rules for: Trash Receptacles, Parking, Holiday Decorations, Flag poles, Lawn Ornaments, Landscaping Guidelines, Pets, & the Architectural Committee Review Process. It's also wise to inquire about the rules for applicable community amenities like for the pool, club house, workout room, tennis courts, and any other common areas offered that you intend on utilizing.

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