

# HOA Living Is Worth It

So, you live in an HOA. You may think the fees and procedures are nothing more than an added hassle, but in fact there are many worthwhile benefits involved in HOA living.

## HOAs: A Brief Background

Homeowners associations have characteristics that distinguish them from other forms of home ownership. One important feature is the shared ownership of the common area within the development. Owners are automatically members of the homeowners association, which is the corporate entity responsible for the operation and maintenance of the common areas.

The owners, who are assessed to cover their equitable share of the association's expenses, pay for the costs of the operation of the association. Assessments cover day-to-day operating costs and also build a reserve fund for future repairs and replacements of the major components of the common area. Association assessments vary primarily by the types of amenities, the amount of common area that each community has and the level of service that owners want in the community. The costs for these amenities, as well as the number of units paying assessments, affect the amount of the assessment.

The powers of the association are exercised by a board of directors, which is elected annually from the membership to serve as its governing body. The board has the fiduciary responsibility to ensure that the legal documents are enforced and oversee the operation of the association.

## Direct Benefits to Membership

Each owner gets the value of their amenities in their community without the full cost. For example, a gate-guarded community with a swimming pool and common area landscaping will require more money spent on maintenance than a community that is only responsible for maintaining common area landscaping. The cost to maintain communities differs greatly based on the common property maintained by the association.

Instead of building and maintaining a private pool, owners pay a fraction of the cost over time. Instead of purchasing large play equipment for the yard, kids get to play at a community playground with other kids, at little cost. In some communities, building maintenance is an added benefit. If the exterior of your home, doors

or front yard are association maintained, owners obtain the benefit of maintenance of these key, and also sometimes costly, items at a discounted rate since they pay for them through their assessments and the association maintains them equally.

Insurance is also an important factor particularly for condominium or townhome owners, but for owners of single-family homes as well. The common areas are insured as one entity and paid for by each owner's contribution.

## A Worthwhile Trade-Off

A trade-off owners often face is a perceived lack of ability to make key decisions about their homes. "It's my house. If I want to paint it purple or plant a giant tree, why can't I?" As part of the association, there are sets of rules, guidelines and policies that all owners must adhere to, or they may face enforcement policies including fines and legal action. This often comes as a disappointment to owners who face lack of ability to have infinite freedom with their home.

However, with these rules come property values. By maintaining an attractive place to live, free from abandoned vehicles, dead lawns, weeds and purple houses, property values in the area remain at a higher rate than it would otherwise. This can be a huge benefit to owners within the association. In addition, maintaining a healthy reserve balance also adds to the retention of property values.

Overall, living in a homeowner's association may have a monthly cost (association dues or assessments) and may provide some restrictions on an owner's home or activities around his or her home. Conversely, owners are rewarded with property values maintained at a higher rate, amenities to utilize at a reduced cost and building and grounds maintenance for a more manageable fee.



*Based on an article by Sascha Macias*