

Phoenix Real Estate-

What is an HOA or Home Owner Association?

Homeowners' associations, or HOAs, are formal legal entities created to maintain common areas; they have the authority to enforce deed restrictions. Most condominium and townhome developments, and many newer single-family subdivisions have HOAs, which are usually created when the development is built. Covenants, Conditions & Restrictions (CC&R's) are issued to each homeowner, and HOAs are established to ensure that they are adhered to in order to maintain the quality and value of the properties involved.

Features of a Homeowners' Association:

- Membership is mandatory for all property owners within the development
- Members are usually charged mandatory fees
- Homeowners associations have the authority to enact and enforce maintenance and design standards in addition to those established by City ordinances
- Homeowners' associations are corporations with formal bylaws - there is usually a governing board which hires a property management company to handle maintenance and enforcement issues
- Many homeowners' associations publish a newsletter

According to the [Community Associations Institute](#):

- An estimated 50 million Americans live in association-governed communities. Some 1.25 million people serve on community association boards, with another 300,000-plus serving as committee members.
- About 6,000 to 8,000 new community associations are formed every year. This includes condominiums, cooperatives and planned communities. It is estimated that more than four in five housing starts during the past 5-8 years have been built as part of an association-governed community.
- The estimated real estate value of the homes in all community associations is about \$2 trillion, approximately 15 percent of the value of all U.S. residential real estate.
- Estimated annual operating revenue for U.S. community associations is \$30 to \$35 billion.

In the Phoenix area, each community is slightly different. You'll find that is common for a Homeowners' Association to handle all or some of the following:

- Establish and collect maintenance fees needed to run neighborhood operations
- Maintain community landscaping
- Maintain recreational facilities
- Provide space for events or neighborhood functions.

- Provide security
- Arrange for street maintenance
- Enforce deed restrictions including, but not limited to, exterior home maintenance, commercial use of properties, control of trash and blight.

Other restrictions that may be enforced by an HOA: parking on street, landscaping approval or types of plants, garage door being open, fence restrictions, pool restrictions, erection of basketball hoops or tree houses, storage of boats and RVs, number of pets, age requirements of residents. There can be more.

If you want to start a discussion on a controversial topic, start talking about Homeowners' Associations. You are bound to find people who appreciate them, people who despise them, and people who are somewhere in the middle. Those who like Homeowners' Associations say that they protect the value of their homes and neighborhoods. They do this by keeping the area looking attractive, and making sure no one does anything wild, like painting their house gold and pink, parking an 18-wheel truck on their front lawn, leaving dismantled vehicles in the street, or running a flea market in the driveway. Opponents of HOAs point to overzealous and unscrupulous HOA boards, fee increases that can't be declined, and rules that are far too restrictive, from what kind of shrubs to plant, to placement of a clothesline, to preventing the displaying of the American flag. Anti-HOA organizations believe that the HOA are private governments that set themselves above the law.

Whether or not to live in a development governed by CC&R's and an HOA is an individual choice. Prospective home buyers should:

- Read any CC&R's recorded against the home and make sure they can live with the conditions and restrictions contained in the document prior to close of escrow.
- Find out what the current dues are. Once you buy the home, you can't decline to pay the dues. If you do, you could be evicted and your home could be sold to liquidate the debt. HOA dues can range from \$20 per month to hundreds per month, depending on the property and the amenities provided by the community.
- Find out how often the dues have been raised during the history of the HOA. Will you be able to withstand future increases or will you have to move? Find out if the HOA has cash reserves.
- Determine if there are term limits for the Board, and if Board members have attended training sessions in efficient HOA management
- Determine if there is litigation pending involving the HOA