

## **Headline: Community Associations – What Do They Do and Cost.**

In today's world of homebuying finding a property that is linked to a homeowner's association has become the norm. And with virtually all newly developed communities having an Association the odds of homeowners dealing with a Property, Homeowner's or Condominium Association while owning a residential property continues to increase.

The purpose of an Association can be summed up as an organization that is authorized to regulate and enforce the rules that have been established for a specific community. Both the Association and the body of rules for a community, referred to as the Deed Restrictions, are initially established in conjunction with the legal creation of the community. At the same time the ByLaws of the association is established that outline the procedures and manner by which an Association will be operated and governed. The Deed Restrictions and Association Bylaws are recorded in the public records and become an integral part of property ownership in the community.

Ultimately when reviewing a property an important piece of information is what are the fees collected by the Association and what services are being performed for the monies. What you find are considerable differences between services provided depending on the orientation of a community. For example, a traditional single-family format community where owner's take care of maintenance on their own home may have an Association that only cares for entrance details and some commons areas such as a Drainage Retention Pond. In contrast, a condominium building will have not only common area landscaping and entrance details to maintain, but also the exterior of the building including repainting, repairs and replacement of the roof as well as casualty insurance on the basic structure.

Further examples of responsibilities that can be part of an Association's operating budget include operation of a Guardhouse, complete lawn maintenance, individual home roof replacement, trash pickup, cable TV and ongoing operation of community recreation facilities such as a clubhouse, swimming pool and tennis courts.

Obviously, the Association fee, typically paid monthly or quarterly, will be impacted by the degree of services provided and the number of residences contributing to the overall budget required to fulfill the responsibilities of the Association.

Another aspect of fees required to effectively operate an Association is budgeting for long-term maintenance requirements. This can include preparing for the "down the road" expense of roof replacement, resurfacing of private roads found in gated communities and replacement of clubhouse HVAC systems. Within the budget funds are set aside in a Reserve account for these inevitable larger lump sum payments. There are instances where an Association did not collect and "save up" the funds needed for such long-term maintenance. These are the circumstances where a Special Assessment is put in motion and owners must contribute funds over and above the routine payments to the Association. When this occurs the routinely budgeted fee is generally adjusted to offset the need for future Assessments.

It should also be noted that older communities may have been created with the intent of operating an Association, but the organization was either dismantled or never started. It is true that in these cases the Deed Restrictions originally recorded are still on public record. However, without an actively managed Association operating there is no entity to enforce compliance with the rules and restrictions. As a result, violations of the recorded Deed Restrictions become commonplace and tolerated.

In the final analysis, when purchasing a home it is important to understand what the nature of an Association is that impacts the property. In general terms, the rules governing use of a property in any community are in place to protect the integrity of a neighborhood and preserve property values.

To assure making an informed decision all buyers should ask questions about community rules, the fee structure and what services are included. Copy of community Deed Restrictions and the Bylaws of

the Association are public record and can often be downloaded from a Clerk of the Circuit Court website within the county where a property is located.