

What is an HOA?

By ALEX MASON | Green Shoot Media

Buying a condo is a great way to save some dough on a new home purchase.

Condos are generally priced well below single family homes and require minimal upkeep and reaching into your wallet.

Spacious and nearly maintenance free, a condo lifestyle may be the right choice for many first-time buyers or those who enjoy carefree living.

However, living in a condo means that the resident agrees to live by the rules, terms and conditions set forth by the homeowner's association (HOA). A document of terms and conditions must be reviewed, and a monthly HOA fee is required to ensure smooth sailing in the condo community.

HOW MUCH?

The amount that a condo resident pays for monthly HOA fees will vary according to many factors.

Condos that are chock full of amenities, such as swimming pools, tennis courts and a golf course, will charge a higher monthly fee for maintenance. Condo units that do not offer recreation and activities to their residents tend to require a lower monthly fee applied to the basics, such as painting, landscaping and home repairs.

Before purchasing a piece of property, be sure you are able to handle the additional HOA fees along with your mortgage payment.

In contrast to owning a single family residence, the yearly cost of condo ownership should be less when you factor in the low property taxes for the unit. When you do the math, be sure to get a yearly total for what you are responsible for, then break that number down into a 12-month period.



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Among a homeowner's association's rules you will usually find restrictions about changes that can be made to the outside of each home.

WHO SETS FEES?

The HOA fees are usually decided by a board of directors for a single condo community or a multiple property chain.

In some cases, the board may consist of the property residents who have a voice and say over how much they should pay. The fees factor in monthly services such as trash collection, plumbing costs and reasonable other mandatory services to make life easier for the residents.

The fees may be adjusted annually as the cost of living increases or remain at the same dollar amount that you initially agreed upon.

However, the HOA fees rarely go down, so it is essential that the monthly fee fit with your overall budget for lifestyle and housing.

RESTRICTIONS

In addition to paying a monthly fee, prospective buyers also must read the HOA terms and conditions and be in agreement with the community rules.

There may be pet restrictions decided by the number of animals in the home or by their height and weight limitations.

In addition, HOA rules in a senior community may have restrictions with children staying overnight or keeping a house guest under the age of 55 for a long-term stay. The HOA rules must be obeyed, so if certain criteria do not fit with your lifestyle, you may wish to start your condo search anew.

Buying a condo has many advantages, including the sense of security that they provide. You

REAL ESTATE 101

HOA rules and benefits

An HOA may regulate:

- allowance of pets
- ages of residents or guests, especially in senior living communities

- assignment and use of parking spaces

- noise levels

- appearance of outside of home
- HOAs may provide:

- insurance for common areas and roofs

- maintenance of driveways, including snow removal

- maintenance of common areas, such as swimming pools

may choose a gated community that requires a key or code for entry or pay a premium HOA fee for a complex providing a guard-gate with a security officer.

Condos surrounded by a high block wall tend to deter burglary and limit the pillage to what can be carried over the wall.

For some savvy home buyers, this feature is worth its weight in gold for peace of mind and a sense that they are well protected within a private community.



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HOMESWISE GLOSSARY

Condominium: a form of ownership in which individuals purchase and own a unit of housing in a multi-unit complex. The owner also shares financial responsibility for common areas.

SOURCE: U.S. Department of Housing and Urban Development

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