

Explanation of a Homeowner's Association

A Homeowner's Association (HOA) is formed as a legal means to manage important affairs within a neighborhood. Membership in an HOA is usually required of all property owners in the subdivision. Most HOAs (townhomes and villas included) are made up of a common residential asset managed through a chosen Board of Directors. State laws, HOA-specific bylaws, and organizational rules all relate to the management of the community. When most developments are formed, the developer controls the association because the developer is, initially, the only member of the association. The developer elects directors and officers, who run the affairs of the association. Eventually, either through the passage of time or the request of residents, the association is turned over to the residents. At a community meeting, the residents, as members of the association, elect directors of the HOA. The directors then appoint officers of the association, such as the president, secretary and treasurer. The officers and directors manage the business of the HOA, as required and permitted by the Covenants, as well as the bylaws of the HOA (and often times hire a Management Company to assist). In particular, the directors and officers are charged with assessing dues, paying bills, hiring contractors, and maintaining the legal and financial records of the HOA.

There are many benefits to belonging to an HOA. The HOA provides the regulations and guidelines for the community and members generally aim to maintain a high standard of appearance for the properties in the community. There may be architectural standards that are designed to keep a uniform appearance to the neighborhood, therefore protecting your property value. When you purchase a property governed by an HOA, you automatically become a member of the HOA. Dues are mandatory and fund the operation of the HOA for the benefit of all property owners. Often times, the HOA has the legal authority to enforce the covenants.

HOA dues are generally allocated towards expenses such as mowing, fertilizer, annual plantings or fresh mulch to the entrances, islands and roundabouts, utilities such as any sprinkler systems or entrance lighting, monument maintenance, insurance, taxes to any outlots owned by the HOA, etc. Some communities have social events, display holiday lights, purchase signs to advertise for a neighborhood garage sale, etc. HOA funds can only be allocated towards HOA owned property, or towards activities or events that benefit the members and are approved by the board.