

HRRE HOAs 5-19-2021

### Buying in an HOA community

I'm a big fan of HOA communities. As proof, I live in one (31 years in Heather Ridge South), I'm a board member (28 years, now), and its president for the last 20 years. And, my investment properties are all in HOAs -- the *proof is in the pudding*.

I've also been a full-time metro Denver Realtor since 1975 who's built my business on people. That means without people real estate has no value. People first, real estate second.

Most HOAs in Colorado operate under similar documents, rules, and statutory laws (CRS, Title 38; however, their HOA boards may vary greatly in terms of effectiveness and public relations based on its board culture, board personalities, and their management company. Here's an outline of topics I consider important when thinking about or living in an HOA.

#1. Read their newsletter and website. No newsletters or website: are they too small for such normal amenities, or do they not care? A pro-active HOA communicates with its owners on a regular basis including meetings – live or Zoom ones.

#2. Read the minutes of board meetings. See if important capital projects are being discussed. This could be a clues for possible assessments or increases in monthly fees.

#3. Call the management company and talk with the manager for that HOA. Have a list of questions about the community, its board, Reserves, financial or engineering studies, etc. Also ask how long they have managed it and past management companies.

#4. Read its Declarations, By-laws, Covenants (also called Rules and Regulations). See if they have been amended, re-written, updates, etc. Do they enforce the rules for everyone's benefit?

#5. Money, money, money! Look at the Annual Budgets for two or more years. Have their budgets balanced? Look at Reserves and how its funded. Has a reserve study been done recently? Ask about recent capital project in the past, present, and future.

#6. Walk the neighborhood to see how it looks. Talk to people and look at the condition of their vehicles and parking lots. Check out the neighborhood features, including pool, clubhouse, and recreation areas/parks.

#7. Compare HOA neighborhoods to see why they differ. Compare features, appearance, financial, and capital issues relative to monthly HOA fees and the Reserve balance. You don't want to move in and get smacked with a big capital assessment fee without knowing about it.

In all cases, trust your gut about things. If you have owned or rented before, then your experiences along with a knowledgeable Realtor will help keep the surprises to a minimum.