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Homeowners Associations Are Stepping Up Foreclosures

BY VERONICA DAGHER

Money is getting tighter for America's hundreds of thousands of homeowners associations, and they are extending a shorter financial leash to their residents.

HOAs are getting more aggressive about pursuing people who rack up unpaid dues, skipping informal grace periods to make up the payments and turning delinquent accounts over to lawyers.

In the most extreme cases, they are pursuing foreclosures on these properties. There were 6,376 properties with HOA-related foreclosure filings in the first quarter of this year—spanning initial default notices to completed sales. That is up nearly 40% from two years earlier and rising faster than overall mortgage foreclosure rates, according to real-estate analytics firm Attom.

"HOAs are being forced into more aggressive collections to avoid their own financial collapse," said Brian Fox, cofounder of real-estate technology firm Benutech, which tracks HOA delinquency trends and foreclosures.

The associations that care for the common spaces in many neighborhoods and condos typically pool money from dues and special assessments to cover operating costs. When one homeowner stops paying, the rest of the owners often must collectively foot the bill.

Note

Even before contending with residents' delinquencies, HOAs have been facing rising costs for staffing, lawn care and materials. Between 2024 and early 2025, master insurance policy premiums that cover shared property and general liability for HOAs rose for 91% of community associations. Some 17% saw jumps of more than 100%, according to the Foundation for Community Association Research.

Reserve funds essentially act as an HOA's emergency savings, but many funds that were healthy in 2020 have since been depleted by soaring repair costs for items such as roofs.

Tighter budgets are giving HOAs less financial wiggle room to let missed payments slide. Take, for example, Fairview Condo 1 in Middle Island, N.Y. It currently has 15 out of its 202 units behind on the $595 monthly dues, creating a monthly shortfall of roughly $8,900. That is more than the eight delinquencies that the board typically budgets for.

"Every delinquency has its own story," said Deborah Amilowski, president of the condo association.

Ten of the properties are in foreclosure. Some cases are triggered by personal financial strains such as job loss or divorce. The HOA is also foreclosing on some units owned by investors who stopped paying after their tenants didn't pay rent, Amilowski said.

HOA laws vary across states. Most states require formal notice periods of 30 to 45 days before HOAs can file liens or have their lawyers initiate foreclosure actions. The Community Associations Institute, which represents HOAs, said many associations offer payment plans and work directly with homeowners facing financial hardship.

Still, HOAs filed more than 285,000 liens last year, up about 8.8% from a year earlier, according to Benutech.

Note

HOAs in many states can foreclose over unpaid dues even if the homeowner's mortgage is up-to-date. In around 20 states, HOA liens carry "super priority" status, which can give the HOA legal priority even over the primary mortgage holder, said Stephen Hladik, a North Wales, Pa., lawyer specializing in foreclosures.

State laws can make it difficult for communities to recover money from delinquent residents, said Glen Weinberg, founder of Fairview Commercial Lending. He said that he has seen some HOAs pushed to the brink of insolvency because of these laws, including those in his home state of Colorado. These include caps on legal fee reimbursements and strict preforeclosure requirements.

Note

Legal fees tied to debt collection can add up rapidly for homeowners, creating a financial hole on top of the risk of losing their homes, consumer advocates say.

There are all sorts of reasons borrowers across wealth levels fall behind on their dues, from financial stress to administrative oversight.

In the Las Vegas suburb of Summerlin, a property linked to boxing champion Floyd Mayweather Jr. recently entered HOA foreclosure proceedings after accumulating nearly $25,000 in unpaid dues, interest and legal fees, according to Clark County records. A Notice of Default was filed on behalf of Mountain Trails Community Association after monthly dues started going unpaid in January 2025.

Bobby Samini, a lawyer for Mayweather, said that the issue was an accounting oversight and that the dues have since been paid, noting the boxer recently retained a new accounting team and a chief financial officer. He declined to comment further on behalf of Mayweather. Representatives for Mountain Trails Community Association didn't respond to requests for comment.

Many HOAs are under pres--sure to meet stricter safety standards enacted after the 2021 Surfside condo collapse in Florida, including bans on underfunding structural reserve accounts. Because many older communities delayed maintenance for decades to keep dues low, some boards had to issue large special assessments to cover the shortfall. Many HOAs have had to raise dues.

Note

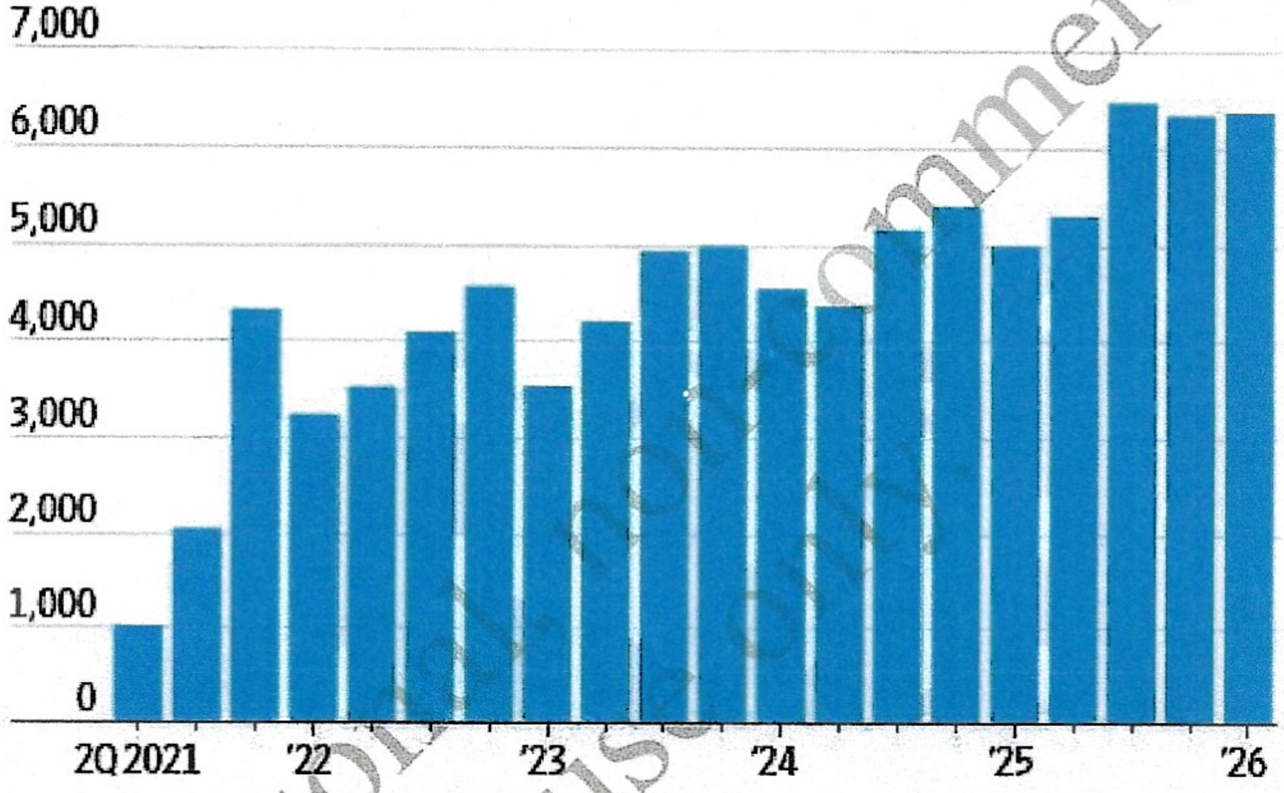
Marc Schneider, a New York real-estate lawyer representing community associations, recently worked with a Long Island HOA whose annual insurance premium jumped from $60,000 to $360,000.

When delinquencies and foreclosures force boards to cut back or delay upkeep, it ultimately hurts property values for the entire neighborhood, he said.

To manage cash flow, the board at Fairview Condo 1 in Middle Island has been cutting spending rather than tapping cash reserves or levying special assessments. The building has had to delay routine projects such as power-washing the buildings and planting new flowers.

Fronting legal fees is costly and the foreclosure process is time-consuming, said Amilowski, the condo association president. "We have to do what's best for the entire community," she said.

Number of properties with foreclosure filings by homeowners associations, quarterly



Source: Attom

