

The Homebuyer and the Community Association

What Is a Community Association?

A community association may have any number of names, with the most common in Texas including homeowners association, property owners association, and condominium association. The fundamental responsibility of all community associations is to preserve the community and protect the value of the property owned by members.

In typical homeowner and condominium associations, homeowners have title to own their individual units, but the association owns the common facilities. While the condominium owner owns title to an individual interest in the common facility, the member of a typical homeowner association actually owns the lot on which his or her home sits.

In all cases, the association is administered by a board of directors--volunteer homeowners elected by their fellow residents to set policy. The community you are researching has contracted with RealManage for selected services, including financial management and maintenance. Even though this community has hired professional management services, homeowner involvement is essential. We reap from our communities what we are willing to put into them, in terms of both quality of life and our financial investment.

What You Need to Know

Read the governing documents carefully. If you don't understand something, ask your agent or attorney for guidance.

It is essential that prospective buyers remember that homeowners--explicitly or implicitly--agree to comply with covenants, conditions & restrictions when they move into an association-governed community. These rules and regulations apply to assessments, procedures, architectural guidelines (such as additions, decks and paint colors), maintenance, satellite dishes, fences, animals, patios, landscaping and more.

If you have a chance, talk to people who live in the community. Find out how they feel, not only about the neighborhood, but also about how the community is governed and managed. Take a walk. Are you satisfied with the way the common grounds are maintained, the homes kept, and is there ample parking? Are the amenities--swimming pools, tennis courts and play-

grounds, for example--well maintained? Ask to talk to a volunteer community leader--a member of the elected board or the professional who manages the community.

You should find answers to the following questions before you buy a home in a community association:

- How much are the assessments, and when are payments due?
- What do the assessments cover?
- What is the annual budget?
- Does the community have a viable reserve fund?
- Are there restrictions on renting property?
- Do the architectural guidelines suit your preferences?
- What are the rules with respect to pets, flags, outside antennas, satellite dishes, clotheslines, fences, patios, parking and home businesses?

Assessments: You Get What You Pay For

Before buying a home in an association-governed community, you should examine the association budget carefully because it sets the level of assessments and services. Collected monthly, quarterly or annually, assessments are not voluntary. They are mandatory and must be paid or the association can take legal action, such as placing a lien against your property. More importantly, as a member of that community, it is your obligation to pay your fair share of the costs.

Determine what the assessment covers and what it does not cover. Assessments typically cover expenses for items such as maintenance of common areas, private streets, recreational facilities and other amenities. Assessments do not cover monthly mortgage payments, real estate taxes or interior maintenance.

Determine if the budget includes a reserve fund for major expenditures. Virtually all communities will require large expenditures at some time.

Special Issues and Circumstances

- **Newly developed communities:** Determine not only when but also how the developer plans to transition control of the community to homeowners.
- **Resale:** Consult a community association manager or association officer to determine if there are unresolved issues pertaining to that property, delinquent assessments and unapproved architectural changes, for example.
- **Buying to rent:** Examine the CC&Rs with respect to regulations affecting rentals. And remember, it will be your responsibility to educate your renters and ensure they abide by the association's rules and regulations.

Be Realistic--Utopia Doesn't Exist

You've identified your ideal home, done your homework, and you're ready to buy. But there's one more thing on your checklist: Resolve to manage your own expectations. Like any endeavor involving people, community association living is not utopia. Community associations are not unlike any human enterprise. Judgments are subjective and subject to change. Decisions are not always met with unanimous approval. Mistakes are made. Human beings--residents and community leaders--may occasionally lose sight of what's right, fair and reasonable.

Remember that some personalities are not suited for community association living. Some people bristle when faced with rules and regulations that must be enforced to maintain established community standards. Ask yourself if you're likely to have severe buyer's remorse the first time you run up against a rule you don't like. If you're not sure, think it over.

Finally, don't overlook the most important questions: Is it the right kind of community for you and your family? Does it fit your lifestyle and sense of community? Does it provide the amenities you want--a community pool, recreational opportunities, attractive common grounds, ample parking and proximity to schools? Is it a good investment?

