

10 Things You Should Know About Neighborhood/Community Associations Before You Buy Your New Home

1. Most all associations have professional management companies that run the day to day business of the neighborhood/community. For the most part these management companies have very little decision making power. Legally they take orders from the Board of Directors of the neighborhood/community. The Board of Directors is the ultimate decision maker for the neighborhood/community.
2. Every neighborhood/community association has two documents that are a must read for a new homeowner. The Covenants are the rules and regulations of the neighborhood/community. The By-Laws explain the structure of the association and how it is run. If your Realtor® is doing their job, they will get you copies before you buy or write a purchase agreement.
3. Boards of Directors are volunteers. It is the exception that they get paid by the neighborhood/community. If they get paid, it is a very small amount. Usually they are just homeowners in the neighborhood/community that have a strong desire to keep the common areas maintained and property values high.
4. You don't have to live in a neighborhood/community that has an association. There are still areas where associations don't exist. Usually the houses are older and property values are not nearly as high.
5. Paying your association dues/maintenance fees is as important as paying your mortgage. Boards base their yearly budgets on each homeowner paying their dues/maintenance fees. If dues/maintenance don't get paid then the budget is broken and there might not be enough money to pay association bills.
6. The association can put a lien on your house and take you to court if you don't pay your association fees. In rare instances they can also foreclose on your home. Yes, it is costly for the association to do this but sometimes there is no other choice.
7. Typically a Board member has a 3 year term. Usually there are anywhere from 3 to 9 Board members depending generally on the size of the neighborhood/community. Normally the terms overlap. If there were 6 Board members, 2 would be reelected every year. This helps in the continuity of the Board.

8. There are strong associations and there are weak associations. The strong ones are very diligent about collections and rules and regulations. It may seem that they are heavy handed but in the end it all comes down to why we have associations...To Keep Property Values High.
9. All homeowners should become a Board member at least once. To understand the dynamics and perspective of running an association you have to sit on the Board for at least one term. It will be an education that you will never forget.
10. There are two great resources for association information. www.caionline.org is Community Associations Institute. They are a national organization dedicated to educating Board members how to run their communities. The local chapter is Central Indiana Chapter of Community Associations Institute. The local website is www.cai-indiana.org. The local chapter does several free seminars every year. If you are interested, you can be put on their mailing list from the local chapter's homepage. E-mails are only sent out when there are seminars. You can opt-out anytime.

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