

# Understanding the pros and cons of homeowners' associations

As a homeowner in an estate or boomed-off area, a buyer may be required to join a homeowners' association (HOA), which means adhering to numerous rules and regulations stipulated by the HOA.



With security a factor that is influencing home-buying decisions in South Africa, many are choosing to purchase homes within boomed-off areas or secure lifestyle estates, says Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa.

Unlike a body corporate, which manages a sectional title development, in a homeowners' association, each member owns the house and the erf or plot on which the home is situated. Usually established by the residents within a community, an HOA is formed to ensure that the infrastructure of an area is maintained. Another major role of an HOA is ensuring the safety of those who live within the community.

"The rules and regulations laid out by an HOA can address numerous aspects such as the colour that a homeowner is allowed to paint their home or whether pets are allowed on the premises. The stipulations can be restrictive, which is why those who want to buy a home within a community that is governed by an HOA should ensure that the regulations don't conflict with their lifestyle," says Goslett.

## Considerations before buying

Before purchasing such property, buyers need to do their research and delve into the details of the HOA regulations.

- **Are members required to pay a fee?** - It is not uncommon for members of an HOA to pay a monthly premium or levy towards the association. Compare how the monthly fees match up against other similar developments in the surrounding suburbs.
- **How are the fees allocated?** - It is important for homeowners to know where their money is being used and allocated. Most of the time, HOA fees are allocated to the maintenance of common areas and amenities, such as landscaping, the swimming pool, gym or clubhouse. Potential buyers should find out what is included in the fee and what is not.

- **Have rates been hiked recently?** - While doing their homework on the HOA, buyers should get the history of how much and how often the rates have increased over the last ten years. Looking at the past will provide a window into what to expect in the future. Another important aspect to enquire about is whether any additional fees have been charged to homeowners when the HOA lacks the reserves to cover a big project.
- **What are the community's priorities?** - Reading the minutes of the last few HOA AGMs will give potential homeowners a clear idea of the community's priorities and what issues and topics keep rearing their heads.
- **Pay attention to the fine print** - Do not neglect any aspect of the document and read all regulations, restrictions and conditions before committing to buying the home. It will take some time to read the documentation in its entirety, but it is better to do it beforehand than move in and find out that you are unable to park a second car outside the property or store a caravan in the garden. Rather know up front, than be caught unaware with little recourse.
- **Penalties** - What are the consequences if the regulations are not adhered to? It is essential for buyers to be aware of the penalties for non-compliance.

"Before purchasing any property, governed by an HOA or not, it is vital that buyers understand all aspects of the purchase and knows what they are getting themselves into. Having a clear idea of the regulations and rules an HOA has in place will provide some insight when choosing to buy a home to in a particular estate," concludes Goslett.

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