

MAINTENANCE FEE DELINQUENCIES

Homeowners' associations face unpaid dues and overdue balances all the time. But, when delinquent HOA dues start piling up, your association will begin to have trouble paying for necessary expenses. This will eventually lead to dissatisfied homeowners, a poorer aesthetic, and lower property values. Charging special assessments to homeowners, neither of which are popular choices. From the delinquent homeowner's perspective, failing to pay HOA dues can result in a number of consequences. This can even include legal action and foreclosure.

1. HAVE A STRICT COLLECTIONS POLICY

A strict collections policy will be able to decrease your association's delinquency rate. You need to make homeowners aware of the consequences of not paying their dues. You will usually find your collections policy outlined within your governing documents. These documents should also tell you when you should consider a homeowner's dues to be delinquent. For some HOAs, it is 3 months' worth of unpaid dues.

2. MONITOR DELINQUENCIES CONSTANTLY

Make sure to discuss delinquencies at every board meeting. You should also create a delinquency report along with your other financial statements. This report should indicate the names of delinquent homeowners, how much they each owe, how long the debt has been overdue, and the total delinquent amount.

3. SEND A NOTICE OF DELINQUENT ASSESSMENT

It is important to start every collection effort by sending a notice. Sometimes, homeowners are just not aware that they have overdue balances. With 9-to-5 jobs, full-time parenting duties, and personal lives, it is easy for homeowners to forget to pay their dues. Your delinquent HOA dues letter should consist of all the information they need. This includes how much they owe and when they should settle the amount by. It should also include any late fees you intend to charge. One way is to impose a late fee. Homeowners are more likely to pay their dues on time and settle their overdue balance when you place a penalty.

Make it clear to homeowners that late dues payment can impact their credit rating. It is also worth including this warning in your notice of delinquency letter.