

## Barbour Manor Homeowners Association

### **HOA Maintenance fee general considerations:**

As a member of BM HOA, you have an obligation to pay HOA fees, as stipulated within the association's governing documents/ Deed of restrictions. Homeowners are provided with disclosure documents consisting of the HOA bylaws, DOR's /CC&Rs, (covenants, conditions and restrictions and all amendments) must abide by these documents when they buy the house. BMHOA fee addresses the cost of maintenance of common areas, insurance, landscaping, management fees, utilities, security, and other services.

### **HOA budget best practices:**

Include in your annual budget: Utilities (water, electricity,), Insurance, landscaping maintenance needs, snow & ice street treatment, security, HOA management fees, reserve fund contributions. Anticipate income to purely come from dues. Project expenses with the current conditions of the economy in mind. Leftover operating funds should account for about 20 percent of your yearly dues. Be sure not to count any leftover funds. The HOA does have the right to raise HOA assessments if the need arises and it is best practice to do so. The consequences of low HOA dues will inevitably lead to inadequate maintenance of common areas and a diminished curb appeal. In turn, property values will plummet which is not the goal of the HOA.

### **What happens when members don't pay their dues?**

The HOA may charge a compounding late fee-\$25/month- on top of the dues owed. The HOA may refer the delinquent account to a third-party collection agency. A lien may attach to the delinquent homeowner's property, and the HOA can initiate foreclosure proceedings.

### **BM HOA Lien process:**

When a lien is filed on behalf of the BM HOA, the original amount is augmented by estimated legal costs, fees, any all-other costs. The lien once filed accrues interest @ 1%/month and late fees continue @ \$25/month. For example, original dues of \$150, if not paid on time and late fees are ignored the resulting lien could be as much as \$600 when filed-still accruing 25/month and interest. ***By this time the member would have received 7 mailed notices minimum.*** To remove the lien additional legal fees are added and any other costs often resulting in amounts ten times the original amount of \$150. This is done to ensure prompt collection of the base maintenance fee, avoid wasteful notices with added costs. When a threshold of 5%of the HOA ( $295 \times .05 = 15$  properties) exists then that must be included in budgeting as it is a threat to the reserve. Currently delinquencies are running at 4-5%. Currently there are 32 liens filed to the amount of \$40 K plus. Since 2009, \$80,576 has been collected when liens are paid off. Expenses are covered while the late fees and interest does go to the reserve. Current net worth is about \$74,000 so without the lien process the HOA would have been in the red.