

## What are HOA fees?

**HOA fees** are a mandatory monthly, quarterly or annual fee paid by homeowners who live within a community managed by a homeowners association. These dues are used to help maintain amenities and common areas within the community. The offerings that stem from these fees will depend on the community's needs, so HOA costs will differ depending on where you live. .

The extra cost of an HOA may be beneficial if it means saving money on paying for amenities like a gym membership or a swimming pool, or for homeowners who prefer to outsource some aspects of home maintenance like lawn care.

The funds collected from HOA dues may be used for:

- **Insurance:** Homeowners still have to pay for their own homeowners insurance policy, but they may also have to pay HOA dues that pay to insure common spaces within the purview of the association.
- **Community amenities and services:** Some HOAs may offer a gym, tennis courts, clubhouse or pool for their residents. Some may also offer security services such as a doorman, security guard or automated gates.
- **Pest control:** Condo or townhouse communities may offer pest prevention or control services.
- **Lawn care:** In most cases, the HOA dues you pay will take care of the lawn on shared areas, though for your own lawn care the association may have standards you need to adhere to.
- **City services:** Utilities and services such as water, sewage and trash removal may be included in HOA fees, though that is not always the case.
- **Reserve funds:** A portion of your HOA fees will be set aside in a dedicated savings account so that the association can use it for unexpected expenses. For example, if a window breaks in the clubhouse or a piece of gym equipment has reached the end of its life, the HOA may use this reserve to replace them.
- **Maintenance and repairs:** Depending on the weather in your area, these services can include snow removal, as well as maintaining and repairing shared structures and common areas. For instance, in communities that have a clubhouse, some of your HOA dues will be used for that area.

Every homeowners association is different, which is why it's crucial you review the [Covenants, Conditions and Restrictions](#) (CC&Rs, or the HOA's rules and regulations) to see what you can expect to pay and what's covered.

## **What happens when you don't pay your HOA fees?**

When you miss a payment, your HOA will typically notify you that you're late on your dues and outline the consequences, such as being charged a late fee or interest until it's paid. The association could also outline any legal consequences if you continue to miss or remain delinquent on your payments.

Here are some scenarios that might happen to you if you fail to pay your HOA fees.

### **Your privileges could be taken away**

As an additional or next step after charging late fees your HOA could restrict or eliminate your access to common areas or amenities such as the gym or pool. The idea is to encourage you to pay your HOA dues to reestablish your privileges.

### **Your bills could go to collections**

If your payments continue to be delinquent, your HOA could hire a collection agency to obtain the missed fees. This could result in more notices like phone calls and letters in order to get you to pay.

### **You could be sued**

If legally allowed, your HOA can sue you for the unpaid dues, fines and any interest that's accumulated. If this happens, your HOA may have the right to garnish your wages to take what's owed from your bank accounts.

### **Liens on your property**

Yet another approach an HOA can take is to put a lien on your property, meaning you would be unable to sell your home without satisfying the hold placed on the deed. A lien is public record and would be found during the title search that takes place as part of a home sale. A home sale cannot be finalized until the lien is resolved.

### **Your home could be foreclosed**

Depending on the state you live in, there'll be restrictions on how and when an HOA can initiate a foreclosure on a home within the community. For states that don't have any restrictions, your HOA can foreclose on a home over a small amount like a few hundred dollars.

If this happens, the foreclosure will be either nonjudicial, or sold without court involvement, or judicial, which means it goes through the state court system.

In addition, the HOA may not need to record a lien to proceed with the foreclosure. In some states, a written record of the declaration of the CC&Rs serves as the HOA lien and comes into effect the date your payment becomes due.

Exact rules and regulations will differ depending on your HOA's CC&Rs and state laws. Again, it's important to know and understand the rules governing late or delinquent payments so you're not going to be surprised over losing access to privileges or something much more serious.

## **What if I'm having trouble paying HOA fees?**

Distressed homeowners who are unable to pay association dues should contact their HOA as soon as possible to discuss the situation.

If you're experiencing financial hardship, you may be able to work out a payment plan or some other arrangement so that you don't risk losing community privileges or worse, face being sued or losing your home to foreclosure.