



## **Homeowner Associations**

*Over the years we have seen an increase in Homeowner Associations limiting the renting of homes in their communities. In working to maintain neighborhood values they often apply rules differently to rentals. This has become a problem. As investors we need to understand the issues when we purchase and **MUST** be involved! Many new subdivisions have their bylaws written so as to prohibit owners from leasing their houses, while others require board approval of each rental applicant. Many existing communities are amending their by-laws to restrict rental activity. It is becoming more and more difficult to put up rental signs in these subdivisions.*

### ***Be informed regarding your association's rules and any proposed bylaw changes.***

*We manage in many different communities and can't keep track of what is going on in all of them. Some will not provide us with the association rules because we are not members and likely as not they will ignore our calls. We really have no way to read (or track) them even if we did have a copy. You must inform yourself as to the rules regarding rentals and the ability to rent in your community. Read the proposals your community is making for bylaw changes and oppose them when necessary if you want to retain control over your investment.*

### ***You are responsible for notifying us when you receive letters of a violation.***

*We cannot keep track of every association rule change. Some homeowner's associations will not even acknowledge our role as managers and refuse to respond to our letters. Stay alert, read your mail, and pay attention to what they are doing and what they are proposing.*

***Make sure your association dues are current.*** *If you get behind on your association dues or fail to respond to violation letters, you could be subject to fines, which if not paid, could ultimately lien your property affecting your credit and causing you to incur attorney fees. This is why we do not pay association dues on behalf of our owners. If we make a mistake in this area, it can mess up your title (and your credit), and we are not willing to take on that responsibility. You must keep up with this as you do your mortgage and taxes.*

***Often issues cannot be solved by demands to the tenant.*** *Tenants are responsible for basic lawn care which we consider to be; mowing, trimming and blowing. If it goes beyond that, you might as well arrange for it yourself (or we can have it done for you). Depending on the situation we may charge the tenant for the corrective action, but that isn't always going to be the case and in the meantime you are the one being fined by the HOA. We can always threaten to evict the tenant over HOA violations, but re-renting the property may not make the problem go away and the cost of a vacancy is expensive. Many owner occupants think rentals hurt their property values and may over-apply the rules if they can get away with it. The trick is to not let them get away with it. If they are demanding things that are not in the covenants you may want to consider a letter from an attorney to correct the situation. A letter may cost around \$100 but may be money well spent to let them know that you will not be pushed around. It is much better to try to work with them to correct legitimate problems but we've found that to not always be possible.*

## **Conclusions**

*Legislative committees of trade associations are fighting this battle all over the country. Stay on top of what your association is doing and make sure they are not trying to enforce rules that don't exist, or over-applying the rules to rental properties. They may if you let them. We will work with you on this as best we can, but they have the community covenants behind them giving them authority which they often abuse. Get involved, and pay attention to your rights as a property owner.*