

Buying a Home in a Community Association? Read This First!



It is time for you to purchase a new home. Excitement mounts as you drive to one of several planned communities in the area. The entrance feature is amazing with a ten foot waterfall and the dense plantings that are in full bloom. The grass is a deep green carpet and the trees are mulched with cocoa brown mounds. You pass the tennis courts, then the lake with an incredible water feature, and finally arrive at the clubhouse with the aquamarine pool in the background. As you open the ten foot tall cypress doors the smell of fresh apple pie tickles your senses and Bitsy welcomes you to Dynamic Home Owners Association. "Welcome home, Mr. and Mrs. Potential, welcome home!"

Sound familiar? The sirens of sales can make everything wonderful and it is your job as a potential buyer to be an educated consumer. Our team of community management professionals offers the following suggestions to aid potential purchasers in their quest. It may appear overwhelming at first, but an educated consumer tends to be a happier home owner.

1. Review the governing documents including the Articles of Incorporation, Declaration, Bylaws, Architectural Restrictions, and Rules and Regulations early in your search. Will these guidelines provide what you want in a neighborhood? There are many restrictions that owners find desirable such as maintenance enforcement guidelines for homes and architectural restrictions. The possibility of someone building an ode to flamingoes fountain with a miniature golf course in their front yard is less likely with enforceable covenants. On the other hand, if there are pet restrictions limiting you to one pet and you have several, this may not be the community for you. If there are rental restrictions and you are purchasing the home as an investment, you will need to be aware of any restrictions and possible limits.
2. Is the association financially viable? Frequently you will find a community with incredibly low assessments; this may or may not be a good thing. Carefully review the balance sheet and budget variance report (be aware these may have other titles). If this is a newer community, is there a large developer loan that will need to be repaid? Are the amenities a part of the association or does the association need to purchase the amenities from the developer at the end of the development period? If so, has the community budgeted for this expense? On the other hand, if this is an established community, are funds available to support the amenities? Is there a history of special assessments to fund repairs and replacements in the community? If you look at an amenity such as a clubhouse and it is in disrepair with no funds for improvements, you will need to be prepared to fund reconstruction.
3. Create a list first of what your needs are and, second, your wants. Will you be paying for something you do not need or want? If you do not use the pools or tennis courts, will you mind paying for an amenity that you will not use but may increase your property value? Are you looking for social outlets such as organized events, teams and socials? Frequently in homeowner associations, swim teams are status quo and, in age restricted associations, social events are expected. If these are funded by the association will you resent or support paying for these activities?
4. Now that you have reviewed the documents and determined that the association is financially sound, and you support the amenities provided by the association, the next question is: Is this community a

place that you would like to call home? There is the personal "gut" factor that only an individual can judge. If document enforcement will be an issue for you, a simple ride through the neighborhood should answer a lot of questions. Do fences meet specified guidelines? If you see several fences that are not in the guidelines you should inquire of the board or community manager if they have been grandfathered or if the association is not enforcing the guidelines. If the documents state that commercial vehicles are not permitted and you see ten commercial vehicles in a two block radius, then most likely there is lax enforcement.

5. Driving through a community at varying times not only allows you to see if the documents are being enforced, but to get a feeling for the general vibe of a neighborhood. Are the streets dark? Do owners turn on a welcoming outside light at night? Are there kids playing? Are there neighbors talking in the street and in each others' yards? Are there dogs running loose? Some people may love that kind of atmosphere where kids are running around and people are walking each night and being neighborly. However, others may not want to live in a community or on a street littered with basketball hoops, and children playing field-hockey in the street. Some buyers may like a more sedate neighborhood and do not enjoy plowing through pedestrian groups just to get to their driveway everyday when the weather is warm.

To recap your research:

- Review the association documents
- Review the association's financials and financial viability
- Create a list of needs and wants
- Drive through at different times of the day and night
- Drive through to determine level of document enforcement

Caveat emptor! Now you are an informed consumer prepared to purchase your dream home!

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