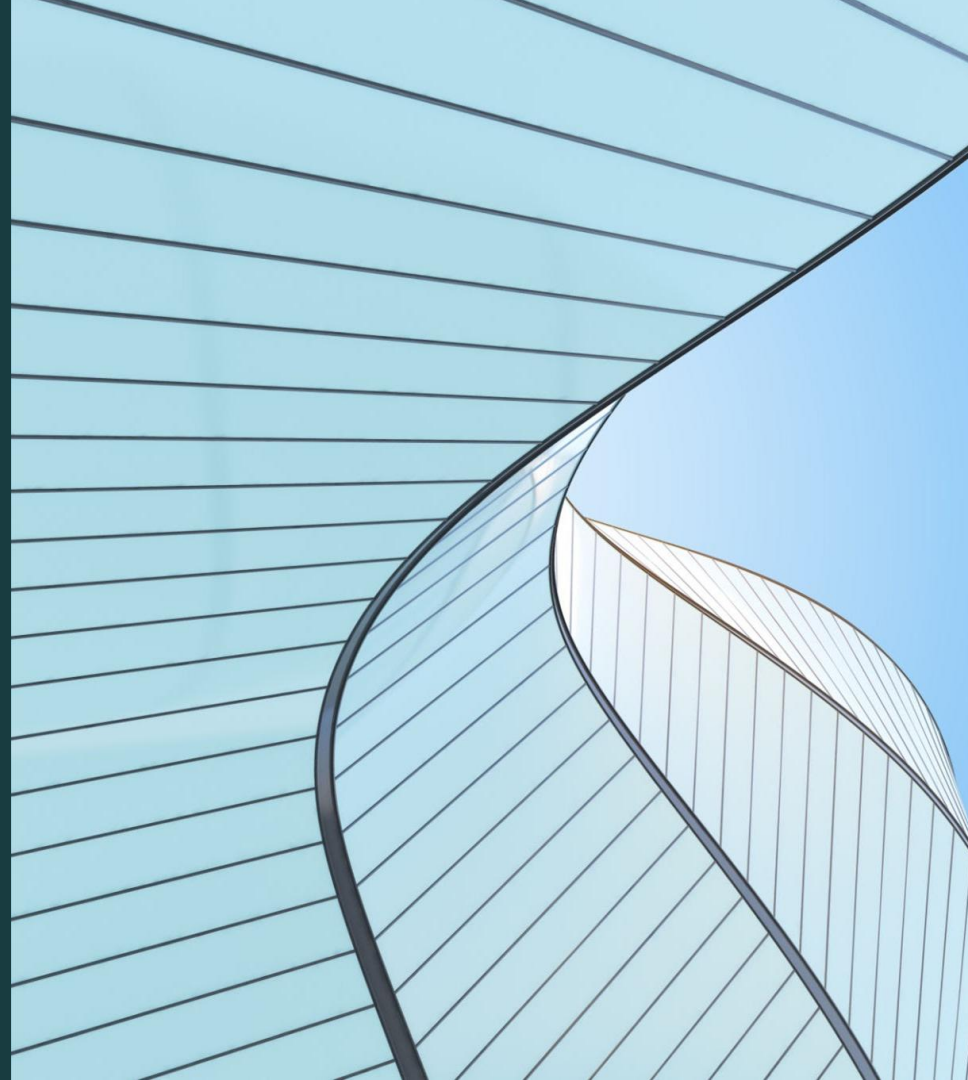


Condo and Co-op



Condos and Co-ops

- Individuals and families of varying economic means that have chosen to live in a communal environment requiring them to share some homeowner expenses.
- Governed by their own unique bylaws
- Actively regulated by state laws (Davis–Stirling)

Expense Categories

- Operating Expenses
- Reserve Funds
- Special Assessments

Homeowners Association Dues (HOA)

- Operating Expenses
- Payments to the Reserve Fund

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- Each unit is responsible for a % based on a formula in the Bylaws of the each association.

Operating Expenses

Examples:

- Gas
- Water, Power, Sewer
- Garbage
- Insurance
- Maintenance
- Personnel

- Paid for by monthly HOA Dues

Reserve Funds

- Funds collected for maintenance and replacement of existing, commonly owned infrastructure for the next 30 years.
 - Examples: boilers, elevators
 - Held in a separate account
 - Mandated by law
-
- Added to monthly HOA Dues

Special Assessments

- Collection of funds for large scale unanticipated projects- sprinklers, sounders, significant insurance increase
- Projects require payment in full at completion.

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- Sprinklers- Homeowner lump sum payment
\$75,000- \$250,000++

Financing

- Difficult to obtain financing
- Few banks will loan to HOAs vs. apartment buildings
- Loans repaid by homeowners through increase in dues

What if you don't pay HOA dues?

- Homeowner is fined
- Lien on property
- Homeowners lose their homes

Conclusion

Unlike large apartment buildings, the entire cost of the sprinkler mandate is paid for by the individual homeowner who will lose their home if they cannot pay.