

Homeowner Associations Hassle Owner and Managers

Policy Statement

Over the last few years we have seen a marked increase in Homeowner Associations limiting the renting of homes in their communities. As they work hard to maintain the values in the neighborhood they often apply rules more aggressively to rentals and there is little you can do about it. **This is becoming a serious problem. Investors need to understand the issues and stay involved!**

Many new subdivisions have their initial bylaws written so as to prohibit owners from leasing their houses, while others require board approval of each rental applicant (which never comes). Many existing communities are amending their bylaws to substantially restrict rental activity. It is becoming more and more difficult to put up rental signs (or lease houses) in these subdivisions.

Don't be uninformed regarding your association's rules and proposed bylaw changes.

Crown manages in over 500 different communities and can't keep track of who is doing what. We cannot get the association rules because we are not members of the HOA and they usually 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 ability to rent in your community. You must read the proposals your community is making for bylaw changes and oppose them if you want to retain control over your property.

You are responsible for notifying Crown when you receive letters of a violation. We cannot keep track of every association rule change and we don't even try. Most homeowner associations won't even acknowledge our role as manager and refuse to read (or respond to) our letters. You must stay alert, read your mail, and pay attention to what they are doing.

Make sure your association dues are current. Failure to pay association dues (or responding to violation letters) can result in the HOA fining you, affecting your credit, incurring attorney fees, and ultimately lienning your property. 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.

Associations ignore property managers. HOA's don't respond to property managers because they want the owner involved. We have tried registered letters ... they ignore them. We send a Power of Attorney, signed by the owners ... they ignore them. We give them a copy of the management agreement ... they ignore it. They know you, and refuse to deal with us. The result is you are always involved in HOA issues. You can't escape it, or pass them off to your property manager. This is one area where we need to work on together, situation by situation, as neither of us can solve the problem on our own.

Often, the things they are fussing about cannot be solved by demands to the tenant. When the issue is related to landscaping (weeds, pine straw, untrimmed shrubs), getting the tenant to attend to them is almost impossible. About all we can force tenants to do is mow (most of the time). If it goes beyond mowing, you might as well arrange for it yourself (or we will do it) because registered letters, and threatening calls to the tenant, seldom solves the problem. We can threaten, demand, coerce and try to hold them to the exact terms of the lease, but in the meantime

you're the one getting fined and liens filed on your property. This is a no win battle with an association that loves to wield it's power. With your instruction, we will threaten to evict the tenant over HOA violations, but re-renting the property won't make the problem go away and the cost of a vacancy is expensive. You just have to honker-down and solve the problem.

Most of them 'have it in for rentals' and will over-enforce the rules on rental properties. If the neighborhood owner occupants can drive landlords out of the community they will be happier. Most think rentals hurt their property values and over-apply the rules whenever they can get away with it. The trick is to not let them get away with it.

When HOA's are demanding things that are not in the covenants, which happens quite often, you may want to consider a letter from an attorney to settle them down. Our attorney writes HOA documents for developers and knows where they are vulnerable. A letter from them (costing around \$100) may be needed to let them know that you will not be pushed around. This is a brass knuckle strategy but often gets them to back off.

We get letters regularly demanding that the kids bikes be kept behind the house, or the patio has too much stuff on it, or the grass is too long; the beds need pine straw; there are too many weeds and other stuff. They letter you, you fax to us, we letter the tenant, and hope they pay attention to their mail. Tenants don't normally care too much about the property values in the community and often ignore these letters; stimulating more pressure from the HOA on you, you to us and us on the tenant. It is a no win struggle until you decide to solve the problem yourself.

Additional efforts by Crown. When we get into one of these situations we send special letters, make additional visits to the property to check out the weeds, send photos to the tenant, order law care, mowing, weed treatment and so on. Because it does not happen on all properties, the additional costs are not covered by our management fees (are not in our Scope of Services) and will be billed out to you on a case-by-case basis.

Conclusions

As associations are getting tougher on rentals you must be active in resisting their abuses. There are landlord associations popping up all across the nation fighting these issues. 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 your rental property. They will if you don't resist them.

We are your ally on this. We hate fighting this battle because we are often fighting a mini-Gestapo's mentality. They have the community covenants behind them giving them and lots of authority. Too often they abuse it and become unreasonable and impossible to deal with.

Be alert: Get involved, and pay attention to your property rights. They are being eroded more and more every day.