

## What Is The Value Of A Homeowner Association?

Ever wondered why you have a homeowners association? Your association may be your best tool to protect the value of your home and the quality of your neighborhood. Community associations do any number of different things, such as setting and collecting the maintenance fees required and needed to run an association, maintaining landscaping or recreation centers, and providing for events or meeting places for neighborhood functions. That being said, one of the most important functions of an association is to enforce deed restrictions and protect the value of the community assets among those being your home.

If deed restriction violations are not corrected, there can be very negative results over time. Estimates are that property values in a subdivision with an inactive association can fall as much as twenty percent due to failure to enforce restrictions. To illustrate, multiply an average home price of \$200,000.00 times the number of lots in an average subdivision of 100 homes. This yields total property value of \$20,000,000.00. This is the value of the assets that the association is trying to protect. If that property value is reduced by twenty percent, the homeowners in the neighborhood collectively lose \$4,000,000.00. Even if home prices only lose ten percent in value due to a moderate failure to enforce deed restrictions, homeowners lose \$2,000,000.00. The association, acting through its board of directors, can control the appearance of the neighborhood by taking deed restrictions seriously and by vigorously enforcing any significant infraction of those restrictions.

Deed restrictions are legally binding covenants, filed with real property records, which provide for building, maintaining, and using the homes in your neighborhood. The deed restrictions control how homes look and what can be done to alter them within the subdivision. Why do so many homeowners buy their home in a community association? Perhaps they liked the curb appeal of the house or its floor plan, but they most assuredly considered the entire neighborhood - how the house looked next door as well as down the street. Purchasers make a decision to buy into a lifestyle and surroundings which include so many things outside the home itself, encompassing everything from the subdivision entries, the recreation center, to the general condition of all the other homes in the neighborhood. They purchased with an expectation that their property and those in their community would be protected by deed restrictions and maintained to a certain reasonable standard.

What does it take to keep a neighborhood attractive and nice? The crucial factor is the willingness of the men and women who make up the association's board of directors to enforce the rules that have been created. What could happen if the restrictions are not enforced? An average size community with 100 or more members will invite varying degrees of what constitutes an acceptable standard of maintenance. With that in mind, the appearance of a development can steadily decline if the board members do not discuss and establish uniform standards for everyone. The neighborhood can either become an architectural showcase for sustained property values, or it can become a venue for the weird and unusual. People have differing views of what is attractive and, without certain deed restrictions, there is a good chance of the neighborhood looking dramatically different over time from the way it did when you first bought your home.

What about commercial use of homeowner property within an association? Again, it would be surprising to note how many different viewpoints are out there. How would you feel about the owner of a portable toilet company keeping its toilets in the side yard between your yard and his, and cleaning them on the driveway next door? Or what about a semi tractor-trailer truck parked right across the street? Or people in every other business under the sun operating out of their homes? It all happens and the only way to preserve the lifestyle you thought you were buying into is to enforce the deed restrictions of the homeowner association. Without these restrictions, some people would leave garbage in their yards permanently, never maintain their homes, park their cars and boats on the grass in their front yards, park motor homes in the street for years, leave construction unfinished, and make every kind of bizarre, structurally unsound remodeling project you can imagine. These are very real examples of problems faced by many local subdivisions in the last ten years.

So, what is the value of your homeowner association? If you consider the amount of assessments you are paying annually and compare that to any drop in value of your property, wouldn't you agree that the value you are receiving for the payment you are making is worth it?

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