

**HOA home closing fees excessive, unjustified, tolerated!
(and more costly than a non-HOA home closing)**

Home closing fees can be overwhelming, misunderstood, unexplained and very costly. HOA fees take this all to another level. Enabling the confusion and an ability to empty your wallet with fees are: Realtors who don't understand the fees and instruct home sellers/buyers to just pay them so the sale can come to closure; the Colorado Association of Realtors that fails to address controls over and justification of fees; Title companies that simply accept home closing charges related to HOAs and pass them on to the seller; and our legislators that will not support reform.

A flippant attitude exists during home closing over HOA fees of \$500-1,000+ that suggests these are nothing to get upset about when paying \$300,000+ for a home. This is dismissive, playing fast and loose with consumers' money and not representing the interests of the customer by all involved in the home sale transaction. It is costly and irresponsible. See the discussion below on how to save hundreds of dollars at home closing.

Here's how this Property Management Company (PMC) home closing income enhancement scheme works. The seller is required to provide the buyer and Title Company with certain HOA documentation: governing documents and the seller's final HOA billing statement. This is referred to the HOA home sale transfer fee. The seller is charged by the PMC for this service. Sellers are unaware of any options to complete this task thus there is no competition for this service.

The fee amount is determined by and retained by the PMC: it is of no benefit to the HOA. The seller should request this service 7-14 days prior to home closing. PMCs charge on average \$500 for this service (\$350 transfer fee and \$150 to the Title company (which the seller pays) but it is not uncommon for \$600-1,000+. Additional HOA home closing fees can arrive with a "rush" fee of \$100-150+. When the home seller requires the documentation in a short time frame the PMC adds-on to the transfer fee a late fee to cover the "rush" order. So far so good and costly but seems to serve the seller and buyer needs, right?

Now, understand how HOAs work and you will understand why this practice is fleecing home owners. PMC tasks to complete services related to the transfer fee and/or "rush fee" are routine and expected services that have already been paid for by home owners with their HOA dues. The documentation is in the PMC data base and/or posted on the HOA web site and the final billing is already computer generated each month. Each is available to the home seller at no cost on any other day of the year except during home closing. No material additional work or expenses are incurred by the PMC to provide the seller this information with a either a timely or late request. Thus these charges are not earned or justified by PMC work.

PMCs are not required to provide the seller with any explanation, justification or documentation (detailed invoice) of transfer fees. Realtors and Title companies blindly accept all charges as legitimate, reasonable and mandatory: it's pay it or the home sale is on hold. What other business can demand payment for hundreds of dollars+ and not provide the payer with documentation that includes a

detailed invoice of work completed? Terminate your cable TV, cell phone, utility bill, newspaper, Internet service, etc. and you are provided a very detailed final bill at no cost. Oh yes, the “rush” fee. Does it really cost the PMC several hundred dollars to provide the seller documentation when requested upon short notice? It cost no more to produce the documentation one day or 14 days prior to closing as it is all completed, other than rare exceptions, through a few key strokes in a computer application. The fees are an income enhancement scheme allowed because “it can” and enabled by Realtors.

Now the hidden secret to avoiding transfer fees and rush fees that can conservatively save home sellers/buyers \$500-\$1,000 at closing. A home owner or Realtor can complete HOA transfer fee tasks (for both the home seller and Title Company requirements) at no cost by downloading the information from the HOA web site and/or requesting a copy of required documentation from the PMC. PMCs by law can only charge for reproduction of documents. Alternatively, a private company will complete the so-called transfer fee tasks for \$45-\$60 but home owners are unaware of this service. For another \$40-\$50 or less the Title company documentation requirements can be included. “Rush fees” are avoided when you do it yourself and private companies mostly only charge “rush fees” equal to special mailing costs.

Ask yourself, how can a private company complete these tasks for so much less (up to 80% less) and still make a profit? More insulting is that when transfer fee tasks are completed by the home owner or Realtor or via a private company the PMC (with the support of the Realtor) will insist their fee be paid anyway and get away with it because they can. Demand your Realtor work with you to save some real money with home closing fees or email the Colorado HOA Forum for information!

The solution: 1) PMCs provide the seller with a detailed invoice of work completed and a statement that none of the listed charges have been previously paid for with HOA dues. This costs HOAs, businesses, and home owners zero but can save consumers millions 2) HOAs be required to inform home owners of alternatives to avoiding and/or completing transfer fee services. The out-of-control greed and abuse by the multibillion-dollar PMC industry with home sale transfer fees and “rush” fees continues “because it can” and because Realtors and legislators “look the other way” with this errant practice.