

Voluntary HOAs Are Being Created in Some Older Subdivisions

Buyers will often tell me they want to find a home with no homeowners association ("HOA"). If the home is in a pre-1990 subdivision, that is quite possible.

HOA-adverse buyers may have an RV or a boat which they want to park on their property. Most HOAs have rules against that.

Or such buyers might have had a bad experience with an HOA enforcing rules or covenants they deemed unreasonable, and it left a bad taste in their mouths.

HOAs serve a valid purpose — to protect the property values of all member homeowners by not allowing individual homeowners to neglect the property or, yes, to store RVs, boats or large commercial vehicles where they can be seen from the street or by neighbors.

Back in the 1970s and 1980s subdivisions were created that carried developer-created covenants serving

similar purposes, but it wasn't until later that they included the creation of homeowner associations for the

purpose of maintaining common property and amenities and enforcing those covenants.

When you buy a home in such a subdivision, you must agree to accept the covenants and pay dues to the HOA. If you don't pay those dues, they can become a lien on your property, and an HOA

can even foreclose on your property if those dues go unpaid for long enough.

In smaller subdivisions, these HOAs might be self-managed, but larger subdivisions typically hire an HOA management company to handle the day-to-day business of collecting dues, maintaining

and paying property taxes on common areas, etc.. The HOA itself has a board of directors consisting of homeowners elected at an annual meeting. This board hires (and can fire) the management company.

Seeing the need for rules governing both HOAs and their management companies, Colorado's legislature created the HOA Information Office within the Division of Real Estate and gave it powers which I outlined in my Jan. 16th column, which is archived at www.JimSmithColumns.com.

I'm beginning to see neighborhood associations being created in those older subdivisions without HOAs. They can call themselves "HOAs" but have no enforcement powers and are not overseen or regulated by the HOA Information Office. Heritage Dells is one such neighborhood.

They hold social events and raised money for a sign on Kimball Avenue.

In last week's column I mistakenly said that Lakehurst West has "no HOA and no covenants" — a common misperception of these older areas. Readers in that neighborhood quickly informed me that there is a vibrant "HOA" which publishes a newsletter distributed by 20 "block captains" and maintains an excellent website — www.LakehurstWest.org. They can't enforce those old covenants, but they serve the community in a many significant ways.

So what about those covenants? They can only be enforced by one neighbor bringing a civil action against another in a court of law — but saying "no covenants" is wrong..

From now on, I'll be more careful about describing a listing as having "no HOA and no covenants."

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Zillow Offers 4 Predictions About Real Estate in 2014

Each year, Zillow.com makes predictions about the year ahead, and I had to nod in agreement when I read their predictions for 2014:

1) **Home prices will increase in 2014, but at a much slower rate than in 2013**, which showed a 5% national increase and over 20% in some markets. (Our market rose about 7%.) The slower rate of price increases will be due to higher mortgage rates, already increased prices, and more supply as more homeowners find themselves able to sell without bringing money to the closing table due to rising valuations.

2) **Mortgage rates will reach 5% by year's end**, for the first time since 2010, causing some markets to become unaffordable.

3) **Lenders will make it easier to get a purchase money mortgage**, as refinances start to dry up due to rising mortgage rates.

4) **Homeownership rates will fall to their lowest point in 20 years**, according to Zillow, as foreclosure and other factors increase the number of renters. (About two-thirds of us own our homes.)

This Week's Featured New Listing

Walk to Old Town Arvada & Light Rail From This Brick Bungalow

From the street, your first impression of this home at 5420 Garrison Street is a small bungalow with a 1-car garage, but peek behind and you notice an oversized 2-car detached garage (see photo) of matching brick construction. This home is being sold by the same man who bought it in 1965 and did some amazing improvements. After returning from combat duty in Vietnam, he had the basement dug out, creating a 9-foot ceiling, walk-out stairs to the backyard, concrete floor and stone-faced wood-burning fireplace (see chimney in picture), and he later installed a French drain and built that garage, which is fitted with 220-volt outlets inside and out! The house itself has two bedrooms and two baths, hardwood floors, a high-efficiency gas furnace and includes all kitchen appliances plus washer & dryer. There's a large covered concrete patio behind the house, plus a grassy backyard enclosed by a new 6-foot privacy fence. **Open Saturday, 1-4pm.**



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