



Homeowner Education Series

What is an HOA Transfer Fee?

When buying or selling a home, we know that some may be caught off guard with unexpected fees at time of closing. The HOA transfer fee is one such “hidden fee” that often takes people by surprise. This is a one-time fee that occurs when a property is transferred from one owner to another.

The HOA transfer fee is mandated by the HOA. To learn more about the fee, what it covers, and who is responsible for payment, read on.

What Does the Transfer Fee Cover?

The HOA transfer fee covers all costs that the HOA will incur when transferring the ownership records from the seller to the buyer. These are charges associated with preparing and distributing documents, updating names in databases, changing security codes and amenities passes, and other administrative costs.

How much is the Transfer Fee?

HOA transfer fees are generally in the \$200-\$250 range, but vary from place to place. There is nothing legally mandated regarding the dollar amount that can be charged in most states. However, some states do have legal guidelines to protect buyers and sellers from being charged overly high transfer fees. These guidelines can possibly dictate what services and processes the HOA is allowed to charge a fee for.

Who is Responsible for Paying the Transfer Fee?

An HOA is required to disclose the transfer fees to all parties prior to the sale, but the sellers are generally responsible for paying the transfer fee. That being said, there is no hard and fast rule about who is responsible for the payment.

Home purchase contracts should clearly state who is responsible for paying the HOA transfer fees. Though the dollar amount of the transfer fee is non-negotiable, a potential buyer can include a clause in their offer requesting that the seller pay all fees. The seller can counter with a set dollar amount that will be put toward the HOA fees, leaving the buyer responsible for anything above that amount. The HOA transfer fee is almost always paid at the time of closing; therefore, the HOA shouldn't run into problems with the fee being left unpaid. However, in the rare event that the fee is left unpaid, the HOA can work with the new owner, who will often be held responsible simply because the HOA has easiest access to the new owner.

The HOA transfer fee isn't a very large fee, but it is necessary to cover the expenses incurred when transferring ownership from one owner to another. After all, nothing is free!

HOA transfer fees should be listed in a community's CC&R's so that no one is taken by surprise when it comes time to sell or buy a house. Because the HOA transfer fee is non-negotiable, meaning that the buyer can't negotiate the amount with the seller, it is not always listed in the real estate contract.

An experienced real estate agent should be able to help find out how much the transfer fee is, who is responsible for paying it, and any other relevant information to help make the transfer a smooth process.

To learn more, or to access other documents, please visit: www.yourhoahelp.com/homeowners