

Key Reasons for Verifying Home Owner Association (HOA) Information for Closings



TITLE COMPANY
of the rockies

Your Escrow Team is required to independently contact your HOA and request a Status Letter (Statement of Account) from the HOA or its Property Management agent for settlement.

The primary items that must be obtained are:

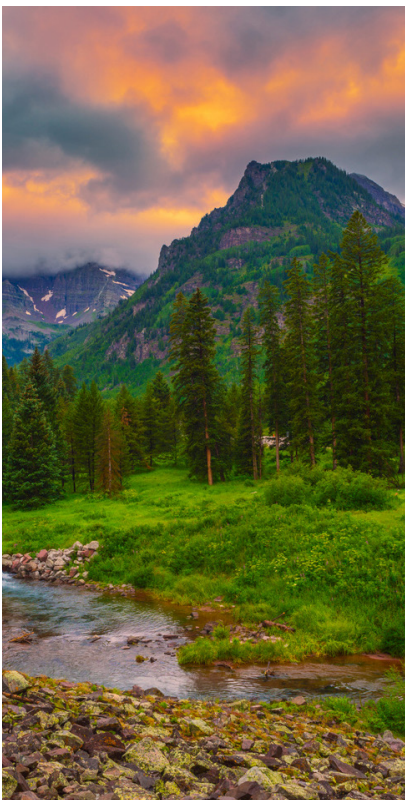
- ✓ Current HOA dues (monthly/quarterly/annual)
- ✓ Outstanding balances, late fees, or fines owed by the Seller
- ✓ Special Assessments (current or pending)
- ✓ Transfer Fees and affiliated payment instructions
- ✓ Confirmation of Lien Status

Outstanding Dues or Fees

The Escrow Team must confirm whether the Seller(s) owe any unpaid dues, special assessments, or fines. These must be “settled” before closing to avoid passing these debts to the Buyer(s).

Transfer Fees & Requirements*

Many HOAs charge a fee for transferring ownership or require specific documents to be signed. The Escrow Team ensures these are handled properly to avoid potential delays to your closing.



Disclosure Obligations

Buyers are entitled to know about the HOA’s rules, financial health, and any pending litigation. Your Broker/Agent will help to ensure that any required HOA disclosure documents (including items such as: Covenants/Conditions & Restrictions, Bylaws and Budgets) are provided for your consideration and review ahead of closing, in line with contractual dates and deadlines.

Lien Checks

HOAs can place liens on a property for unpaid dues. The Escrow Team will verify that no such liens exist or ensure that they are cleared before the title is transferred to the Buyer(s).

Prorating Fees

HOA dues are often paid monthly or quarterly. Your Escrow Officer will follow the terms outlined in your Contract and utilize the Status Letter to calculate how much the Seller and Buyer may each owe based on the closing date, ensuring fair distribution of those costs.

Compliance with Lender Requirements

If the Buyer is financing the purchase, their Lender may require confirmation that the HOA is in good standing and/or meets certain criteria (e.g., insurance coverage, reserve funds, etc.).

*Please note: In Colorado, HOAs or their management companies often charge an additional fee for providing a Status Letter to the Closing Agent. Your Escrow Team must independently obtain a Status Letter for settlement. Any such transfer fees shall be paid by the parties to the transaction.