

The Truth About the Homestead Homeowners' Association

Much has been said recently about what Homestead owners want and what would be best for them. Some either have had bad experiences with HOAs in the past or have heard that that they can be expensive and intrusive. There has been much debate about whether Homestead should have an HOA at all.

Homestead already has an HOA. It was formed in the restrictive covenants that were recorded in 1992. Those covenants state: "There is hereby established an Owners Association to be known as the 'Homestead Owners Association.'" They also state that every person who owns a property in Homestead is automatically a member. Whether the owners know it or not, they have an HOA, and they are members.

As a practical matter, every plat that has common areas requires an HOA. Someone has to maintain the common areas, and an HOA is the only real possibility. An HOA can do as little or as much as the homeowners want. Sometimes people want a pool, recreation facilities or a clubhouse. Or an HOA can just maintain the common areas. The negative stories you have heard about HOAs all relate to HOAs that have a lot of duties. Most limited HOAs have monthly dues around \$10.

Some of you have lived here almost 30 years and had no idea you have an HOA. The reason for that is because you have never had any rights to run or control your HOA. At first Wynstra and now 18 Paradise have had complete control over the HOA. They have charged a fixed monthly fee and maintained the common areas. Although homeowners did not know it, they have been paying several times the actual cost of the maintenance, and Wynstra and 18 Paradise kept the extra as profit. If you gained control over the HOA, the Homestead owners could decide what services and amenities they wanted, and they would pay only the actual cost of them.

There is a bigger issue. In addition to the common areas, the restrictive covenants impose a number of rules for Homestead properties. For example, the following are all prohibited without HOA approval:

- Tents, trailers, commercial vans or accessory structures.
- Antennas or satellite dishes.
- Basketball hoops.
- Boats and RVs.
- Signs other than for sale.

In addition, there are strict controls on the design and construction of improvements.

- Siding must be cedar or shingles.
- Windows must be wood or vinyl trimmed with wood.
- Colors are subject to HOA approval.
- Fences must be wood, stucco, or masonry.

All major changes and new construction must be approved in advance by the HOA.

Most of the original construction complied with these rules. However, as things are replaced, some people have made changes. All that work is subject to approval by 18 Paradise, and it can make whatever decision it wants. You literally have no control over what your neighbors do, and you have to get permission from 18 Paradise for what you want to do.

This is not a theoretical issue. 18 Paradise has imposed its decision in many instances. In one, a homeowner wanted to install a vinyl fence over the objection of the neighbor, and 18 Paradise approved it despite what the restrictive covenants say. As long as 18 Paradise remains in control, there is nothing any of you can do.

Even worse, 18 Paradise has the absolute right to amend the restrictive covenants however it wants. You already saw 18 Paradise amend the covenants last year to allow special assessments, after which it charged Homestead owners an additional \$50,000. 18 Paradise amended the declarations again in December to retroactively increase the fee back to 1993 and raise it from \$36 to \$93.

The question you should be discussing is not whether to have an HOA, but instead whether to have control over your existing HOA. Once you have control, homestead residents may decide that they want and are willing to pay for more amenities such as a pool or recreation facilities. Or you may decide that you just want to maintain the common areas. But you should be making those decisions, and you should not be lining 18 Paradise's pockets with free cash.