As you are probably aware, most newer (post-1980) subdivisions have homeowners associations. While some smaller HOAs may choose to manage themselves, larger ones will typically hire a professional management company to collect the dues, enforce the rules, pay the bills, select and supervise vendors, etc.

The fees charged by HOA management companies can vary substantially, but there’s another “profit center” for these companies that shows up when you go to sell your home. I had a closing this week on a townhome in Golden. The monthly fee in this subdivision is $161, but look at the fees paid by the seller and buyer in this transaction:

• $235 for a status letter stating that the seller was current on his HOA dues payments;
• $175 to transfer the ownership from seller to buyer on the books of the management company;
• $155 to provide necessary information to the buyer’s lender;
• $100 to provide minutes of recent board meetings and a current financial statement to the buyer.

That comes to $665 in fees charged by the management company, not a penny of which goes the HOA. Such fees anger both buyer and seller and sour new owners on the community they are joining. HOA boards shopping for a new management company would do well to include the firm’s fee schedule for resale of members’ homes in their analysis prior to making their selection of the management company.

New “Tax Credit” Is Really Just a Loan in Disguise

If you are a first-time homebuyer (that is, haven’t owned your own home for three years), you can get up to a $7,500 credit against next year’s federal income taxes for the purchase of a primary residence. (That’s for a married couple; single taxpayers get half as much.)

But it’s really just a loan that must be repaid, interest-free, over the next 15 years at $500 per year. I’m not saying that this is a bad thing, just that it is deceptively marketed as a tax credit. I don’t recall any other tax credit that had to be repaid by the taxpayer.

If your married income is over $150,000 or single income is over $75,000, the amount of the tax credit decreases. Also, you must purchase your new home before July 1, 2009.

If you sell your house in the next 15 years and your appreciation does not exceed the remaining balance, that balance is forgiven.