Fees paid to Paramount Realty & Management to complete TREC Form 37-5 & 32-4 for property sale

Administrative Data Ownership Transfer Fee - $125 - The HOA transfer fee covers all costs incurred by the HOA Management Company when transferring ownership records from the seller to the buyer. These charges include preparation and distribution of documents, updating database names, changing security codes and amenities passes, and other administrative costs involved with HOA member online portals.

Subdivision Information including Resale Certificate - $375 - An HOA resale certificate provides the buyer with necessary information regarding the homeowner's association. This includes details about the current HOA budget, any anticipated expenditures for the upcoming year, and the amount the association has in reserve. It also provides information if the association is involved in any pending litigation. (Owner Re-Finance does not require transfer or governing document submission; the *fee is reduced to $75.)*

Lending Questionnaire Fee - Paramount Realty & Management charges $350 to complete detailed questionnaires for lender underwriters (these are predominantly for condominiums).

What is a resale certificate?

An HOA resale certificate is a financial overview of the HOA, including the seller's current standing with the association. The resale certificate gives specific information about the property being sold and where it stands with the HOA; this includes disclosing any past-due payments or unpaid violations, any pending violations, and all fees due upon closing. The document will also include information about the association– any pending litigation, the amount of funds the HOA has in reserve, and all planned expenditures for the coming year. The resale certificate may also include other state-specific information.

What is the purpose of the resale certificate?

The resale certificate protects all parties involved by 1) allowing sellers to disclose their standing with the HOA, 2) letting buyers know that the HOA they are joining is financially sound, and 3) minimizing financial risk for the HOA. It ensures that if the seller isn't up to date on payments, it can become the buyer's responsibility after a certain time and the association won't be left unpaid. In short, the resale certificate reduces liability for the HOA if the seller isn't up to date on payments.

How is the resale certificate handled?

After a purchase contract is signed, the seller must provide the resale package to the buyer, but the process varies by state. The buyer or the buyer's agent usually requests the package from the seller's agent. The seller is legally required to disclose this information to the buyer. A title or escrow company representing the seller will request the statement from the management office. Fees vary by community, and some states limit the amount that associations can charge. Consult with your legal counsel to ensure you charge the appropriate amount for this service. All fees are paid at closing and can be paid by either the buyer or seller.

Since the HOA's property management company handles the accounts for the association, it will complete the certificate as a service to its clients. A board member or community manager will complete the form without a property management company. This creates a huge liability for the community because the person completing the documents will be held responsible for errors. This is one of many instances where having a property management company is very useful.

Note: New HOA developments may also charge an membership initiation fee between $200-$300 per lot.