



OWNERSHIP COSTS MAJOR HOMEBUYING DECISION

Should I Buy a Home With an HOA? (2026 Guide)

A homeowners association (HOA) isn't automatically a red flag - most condos, townhomes, and many single-family subdivisions have one, and dues fund shared amenities, insurance, and upkeep you'd otherwise pay for yourself. The real question isn't "HOA or no HOA," it's whether this specific association is financially healthy, whether the dues fit comfortably in your budget on top of your mortgage payment, and whether the project itself will pass your lender's condo/PUD approval requirements. Lenders count HOA dues as a real monthly obligation in your debt-to-income ratio, and they dig into the association's finances - reserves, delinquency rates, insurance, litigation - before they'll approve financing on the unit at all. Read the governing documents, the reserve study, and the budget before you fall in love with the amenities.

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Guide: readinessiq.ai/guides/should-i-buy-a-home-with-an-hoa



Key facts at a glance

HOA DUES COUNT TOWARD DTI

Every month - Treated like taxes and insurance in qualifying - Fannie Mae B3-6-03.

CONDO PROJECT REVIEW

Full or limited - Fannie Mae reviews the building's finances and legal status, not just your credit.

FHA CONDO APPROVAL

Project must be on HUD's list - Spot approvals were phased out; the whole project is reviewed.

VA CONDOS

Must be VA-approved - Check the VA's approved condo list before writing an offer.

The one-minute answer

A homeowners association (HOA) isn't automatically a red flag - most condos, townhomes, and many single-family subdivisions have one, and dues fund shared amenities, insurance, and upkeep you'd otherwise pay for yourself. The real question isn't "HOA or no HOA," it's whether this specific association is financially healthy, whether the dues fit comfortably in your budget on top of your mortgage payment, and whether the project itself will pass your lender's condo/PUD approval requirements. Lenders count HOA dues as a real monthly obligation in your debt-to-income ratio, and they dig into the association's finances - reserves, delinquency rates, insurance, litigation - before they'll approve financing on the unit at all. Read the governing documents, the reserve study, and the budget before you fall in love with the amenities.

Buy now if:

The dues fit comfortably in your budget alongside the mortgage payment, the association's reserve fund is adequately funded relative to its reserve study, delinquency and rental-restriction thresholds check out, and you've actually read the CC&Rs and budget rather than taking the listing agent's word for it.

Wait if:

The HOA's financials show a thin or nonexistent reserve fund, pending litigation, high delinquency, or a special assessment already being discussed - any of which can also make the project fail lender approval outright, not just be a bad personal bet.

Consider an alternative if:

You like the location and price but the specific project is shaky. A single-family home without an HOA, or a different building/community with cleaner financials, may get you the same lifestyle without the project-approval risk.



THE BASICS

What an HOA actually is - and isn't

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You're not just buying a unit. You're buying a voting share in how a shared building or neighborhood gets run.

A homeowners association is a legal entity - usually a nonprofit corporation - that owns, maintains, or governs shared property on behalf of everyone who owns a home within it. That covers a wide range of setups: a high-rise condo building where the HOA owns the lobby, roof, and elevators; a townhome community where it maintains the exteriors and common landscaping; or a single-family subdivision where it only maintains a shared pool, gate, and a few common areas while you own and maintain your own structure and yard.

Every owner pays monthly or quarterly dues that fund the association's operating budget: landscaping, trash, common-area utilities, master insurance, management company fees, and - critically - contributions to a reserve fund for big-ticket items like roofs, paving, elevators, and pool resurfacing that eventually wear out.

The HOA is governed by a set of CC&Rs (Covenants, Conditions & Restrictions), bylaws, and rules that every owner agrees to follow by virtue of buying in - not by separately signing a contract. That's the part buyers most often skip reading, and it's where rental restrictions, pet limits, parking rules, and architectural-review requirements live.

None of this makes an HOA good or bad by default. It makes it a shared financial and governance structure you're joining, and like any shared structure, its health depends entirely on how well it's been run and funded - not on the fact that it exists.

FAST

If a listing says "low HOA dues," don't treat that as automatically good news. Unusually low dues relative to the building's age and amenities can mean the reserve fund is underfunded, not that you got a deal.

HOW LENDERS TREAT IT

HOA dues and your mortgage qualifying

HOA dues are not a side cost your lender ignores - they're folded directly into how your loan is underwritten.

They count as a housing obligation in DTI. Under Fannie Mae Selling Guide B3-6-03, monthly HOA dues (also called condo/co-op fees or homeowners association dues) are added to principal, interest, taxes, and insurance to calculate your total monthly housing payment - the number used in both your front-end and back-end debt-to-income ratios. FHA underwriting under HUD Handbook 4000.1, II.A.5 treats HOA dues the same way as a required monthly obligation included in the total mortgage payment used for qualifying.

What that means practically: a \$400/month HOA due doesn't just cost you \$400 a month out of pocket - it reduces



the loan amount you can qualify for, the same way an extra \$400 car payment would. Two buyers with identical incomes and identical purchase prices can qualify for meaningfully different loan amounts if one property carries \$600/month in dues and the other has none.

Special assessments matter too. If an HOA has an active special assessment - a one-time or recurring extra charge beyond normal dues - underwriters generally require it to be included in the qualifying payment for as long as it's scheduled to run, which can meaningfully change your numbers mid-underwriting if it surfaces late.

Run your own numbers with the full HOA-inclusive payment in the affordability calculator and the DTI calculator before you get attached to a specific property - a home that looks affordable on price alone can fall out of reach once dues are added in.

WATCH

Get the exact current HOA due amount in writing before your loan estimate is finalized. A due that increases between your offer and closing can shift your DTI enough to affect your approved loan amount.

PROJECT-LEVEL UNDERWRITING

Why the building gets underwritten, not just you

Buying a condo or a home in a planned unit development (PUD) means your loan approval depends on two separate reviews: yours, and the project's. This is the part most buyers don't see coming, and it can derail a deal that looks perfectly fine on the buyer's side.

Conventional (Fannie Mae / Freddie Mac)

Under Fannie Mae Selling Guide B4-2.1 and B4-2.2, condo projects go through either a limited review (lighter documentation, generally allowed for certain owner-occupied purchases with higher down payments) or a full review, which digs into the project's budget, reserve study, insurance, litigation status, and owner-occupancy ratio. Fannie Mae also maintains project eligibility standards covering:

- Investor concentration - how many units are owner-occupied versus rented
- HOA delinquency - the percentage of owners more than 60 days past due on dues (a threshold above which the project can be ineligible)
- Reserve adequacy - whether the association budgets at least 10% of its income to reserves, or has a current reserve study supporting a different figure
- Litigation - pending lawsuits involving the association, particularly ones related to safety, structural, or habitability issues, which can make a project ineligible until resolved
- Insurance - adequate master hazard, liability, and fidelity coverage for the project

A project that is non-warrantable (fails one or more of these standards) generally cannot be financed with a standard conventional loan, regardless of how strong the individual buyer is. Some non-warrantable condo loan programs exist through portfolio and non-QM lenders, typically at a higher rate.

FHA



FHA requires the entire project to be on HUD's approved condo list before any unit in it can be financed with an FHA loan; individual "spot approvals" for otherwise-unapproved projects were phased out. If the project isn't approved and isn't pursuing approval, FHA financing simply isn't available there.

VA

VA loans require the condo project to appear on the VA's approved condominium list. As with FHA, this is a project-level requirement, not something your individual VA eligibility can override.

Before writing an offer on a condo, ask the listing agent or HOA management company whether the project is FHA- and/or VA-approved (if relevant to your financing) and whether it has passed a recent conventional project review. This single question can save weeks of underwriting delay or a fallen-through deal.

TIP

Ask your loan officer to run a preliminary condo project questionnaire (Fannie Mae Form 1076 or the lender's equivalent) as early as possible - ideally before your inspection contingency expires, not after your appraisal comes back.

THE RISK BUYERS UNDERESTIMATE

Special assessments: the cost that isn't in the listing

The monthly due is the cost everyone sees. The special assessment is the cost that catches buyers off guard, because it doesn't show up on a listing sheet and it isn't part of your mortgage payment - it's a separate bill from the association.

Associations build reserve funds specifically so major, predictable expenses - a roof at the end of its life, repaving a parking lot, replacing an elevator, repairing a pool - can be paid from savings instead of a surprise bill. When the reserve fund is underfunded (a common problem, especially in older or historically low-due associations), the association has two choices when a big expense comes due: raise monthly dues sharply, or levy a special assessment - a one-time or short-term extra charge per unit, sometimes running into the thousands or tens of thousands of dollars depending on the project and the repair.

Illustrative scenario, not a real association's numbers: a 40-unit condo building needs a \$600,000 roof and structural repair. If the reserve fund only has \$150,000 saved, the remaining \$450,000 gets divided among owners - roughly \$11,250 per unit in this illustrative example, sometimes payable in a lump sum or over an installment plan the board sets. A buyer who closed six months earlier with no idea this was coming can be on the hook for the full amount, or a prorated share, depending on when the assessment is levied and what the governing documents say about responsibility at time of sale.

This is exactly why reading the reserve study and recent board minutes before you buy matters more than almost anything else in this guide. A reserve study is a professional engineering and financial analysis estimating the remaining life and replacement cost of the association's major components, and whether current reserve contributions are on track to cover them. An association funding at 100% of its reserve study's recommendation is in a fundamentally different risk position than one funding at 20%.

**WATCH**

Ask directly: "Has a special assessment been discussed, proposed, or voted on in the last 24 months, and is one anticipated?" Get the answer in writing from the HOA or management company, not secondhand from the seller.

TWO POLICIES, NOT ONE

Master insurance vs. your own HO-6 policy

In a condo or many HOA communities, insurance is split between two separate policies, and misunderstanding the split is a common and expensive mistake.

The master policy, purchased by the HOA and paid for out of dues, typically covers the building's structure, common areas, and shared systems - the roof, exterior walls, hallways, elevators, and often the original "as-built" condition of individual units (walls, floors, ceilings as they existed when the building was constructed), depending on whether the association carries an "all-in" or "bare walls" policy. Check the association's declaration and insurance summary to see which type applies - it changes what you personally need to cover.

Your own HO-6 policy (sometimes called a "walls-in" or condo unit-owner's policy) covers what the master policy doesn't: your personal belongings, upgrades and improvements you've made beyond the original unit finish, liability if someone is injured inside your unit, loss-of-use costs if you can't live there after a covered loss, and - importantly - the master policy's deductible, which many associations pass through to the unit owner where the loss originated.

Lenders generally require proof of an HO-6 policy at closing for condo purchases, with a minimum coverage amount tied to the loan amount or a reasonable estimate of interior finishes and contents. Skipping or underinsuring this policy is a common and costly mistake - a pipe burst that starts in your unit can leave you responsible for the master policy's deductible (sometimes \$10,000-\$50,000 on larger buildings) if your own coverage doesn't account for it.

Ask your insurance agent to review the HOA's master policy declarations page specifically, not just quote a generic condo policy, so your HO-6 coverage lines up with the actual gap it needs to fill.

FAST

Request the HOA's current certificate of insurance and ask whether the master policy is "all-in," "single entity," or "bare walls" coverage - the terminology varies, but the coverage gap it leaves you with does not.

THE FINE PRINT YOU AGREE TO BY BUYING

CC&Rs, rental limits, and lifestyle restrictions

Buying into an HOA means agreeing to its CC&Rs (covenants, conditions, and restrictions) and rules, whether or not you personally read them before closing. These documents can meaningfully affect how you live in and eventually sell the home, so reading them during your inspection period - not after closing - matters.



Common restrictions to check specifically:

- Rental restrictions. Many associations cap the percentage of units that can be rented at any time, require a minimum ownership period before renting, or ban short-term/vacation rentals entirely. If your plan includes ever renting the unit out - even years from now - confirm this before buying, since some associations maintain waitlists for rental permission that can run for years.
- Pet restrictions. Breed, size, weight, or number-of-pet limits are common, particularly in condo buildings.
- Architectural review. Exterior paint colors, window treatments, landscaping changes, and even holiday decorations can require board approval in some communities. Renovation plans that touch the exterior or shared systems often need sign-off before work starts.
- Age restrictions. Some communities (55+ communities, for example) legally restrict occupancy by age under specific federal Fair Housing Act exemptions - confirm whether this fits your household if relevant.
- Parking, storage, and guest rules. Especially relevant in condo and townhome communities with limited spaces.

Rental restrictions in particular can also affect lender approval, not just your personal plans - high investor concentration or a project actively tightening rental rules can factor into Fannie Mae's project eligibility review covered earlier. It's a topic that touches both your financing and your day-to-day life in the home, so it's worth resolving early rather than discovering it after you've moved in.

TIP

If flexibility to rent the home out someday matters to you, get the current rental cap and waitlist status in writing from the HOA, not a verbal assurance from the seller or listing agent.

DUE DILIGENCE

How to actually read the HOA package before you buy

Most contracts give you a defined inspection or HOA-document review period - often 5-10 days depending on your state and contract terms - during which you can review the association's documents and back out without penalty if something concerns you. Use it deliberately.

What to request from the seller, listing agent, or HOA management company:

- CC&Rs, bylaws, and rules and regulations - the governing documents covered above
- Current annual budget - compare income (dues) against expenses; a budget with no reserve line item, or one relying on "we'll assess if we need to," is a warning sign
- Most recent reserve study - check the funding percentage against the study's recommendation, not just whether one exists
- Financial statements - balance sheet and income statement for the last one to two years
- Delinquency report - the percentage of owners behind on dues; high delinquency strains the budget and can also affect lender project approval



- Meeting minutes - board and annual meeting minutes for the last 12-24 months often surface upcoming assessments, litigation, or maintenance issues months before they become official
- Insurance certificate - the master policy's coverage type and limits
- Litigation disclosure - any pending or threatened lawsuits involving the association
- Resale certificate / disclosure (naming varies by state) - a formal document many states require the HOA to produce for a sale, often summarizing dues, assessments, and violations tied to the specific unit

Reading a stack of PDFs during a home purchase isn't glamorous, but the minutes and reserve study are usually where the real information lives - far more than the glossy amenity brochure. If the language is dense, ask your real estate agent or a real estate attorney to review the key documents with you; in many markets this is a normal, inexpensive service.

LOCAL

Some states require a formal HOA disclosure packet with a specific delivery deadline and a buyer right to cancel. Check your state's requirements in the state guides or ask your agent what applies where you're buying.

LONG-TERM VIEW

Resale value and rising dues over time

An HOA's condition today isn't necessarily its condition in five or ten years, and both directions matter for a decision you're making for the long term.

On resale: A well-run, well-funded association can be a genuine selling point - buyers increasingly ask about reserve health, not just amenities, especially after high-profile stories about underfunded associations facing large assessments. A poorly funded association, a history of special assessments, or restrictive rental rules can narrow your future buyer pool, since some buyers (and some lenders, per the project eligibility standards above) will pass on a project with red flags.

On dues over time: HOA dues are not fixed the way a 30-year mortgage's principal-and-interest payment is. They tend to rise with inflation in materials, labor, insurance, and utilities, and they can rise sharply and suddenly if a reserve shortfall forces a correction. When you're estimating long-term affordability, it's reasonable to build in some expected increase to dues over a multi-year hold - the same way you'd expect property taxes and insurance to drift upward - rather than assuming today's due amount holds flat for the life of your ownership.

On insurance-driven increases specifically: in some markets, master policy premiums have risen sharply due to broader property insurance market conditions, and associations have had to raise dues meaningfully just to keep the same coverage in place - a trend worth asking about directly rather than assuming it doesn't apply to a given building.

None of this is a reason to avoid HOAs broadly. It's a reason to treat the association's financial trajectory, not just its snapshot today, as part of your long-term affordability picture.

**WATCH**

Ask how much dues have increased over the last three to five years, not just what they are today. A steady, modest trend is a healthier sign than a due that hasn't moved in a decade - that pattern often precedes a large catch-up increase or assessment.

Your options, compared

Buy in - the association is financially healthy

The dues, reserves, and governing documents all check out and fit your budget and lifestyle.

Pros

- Shared maintenance and amenities without doing the work or reserving the cash yourself
- A well-funded reserve reduces the odds of a surprise special assessment
- Master insurance can lower what you personally need to insure
- Consistent community standards can support resale value

Cons

- Dues reduce your qualifying loan amount and add a permanent recurring cost
- You're bound by CC&Rs you didn't individually negotiate
- Board decisions (repairs, rule changes) are largely out of your direct control

Best for: Buyers who want shared amenities or exterior maintenance handled for them, and who've verified the specific association's finances are sound.

Avoid if: You strongly value full control over your property and exterior, or you can't verify the association's reserve health before your contingency deadline.

Pass on this HOA, look elsewhere

The financials, litigation status, or restrictions on this specific project don't check out.

Pros

- Avoids a project that may also fail lender approval outright
- Sidesteps a likely near-term special assessment or due increase
- Frees you to find a comparable home with cleaner HOA financials or none at all

Cons

- May mean a longer search or a different neighborhood/price point
- You could lose out on a location or amenity set you specifically wanted

Best for: Buyers who've done the document review and found real red flags - underfunded reserves, active litigation, high delinquency, or an undisclosed pending assessment.

Avoid if: You haven't actually requested and read the documents yet - don't pass based on assumptions about HOAs in general.



Buy a comparable home with no HOA

Skip the shared-governance structure entirely and take on maintenance and reserves yourself.

Pros

- No dues reducing your qualifying loan amount
- No CC&Rs, rental restrictions, or architectural review
- No project-level lender approval risk

Cons

- You're solely responsible for all maintenance, repairs, and reserve savings
- No shared amenities (pool, gym, gate, landscaping) unless you build or pay for your own
- Fewer condo/townhome inventory options in many walkable or amenity-rich areas

Best for: Buyers who prioritize full control and want to avoid shared-governance risk, and who are comfortable self-funding their own maintenance reserve.

Avoid if: The home type or location you want is realistically only available within HOA communities in your target market.

Decision tree

1. Do you know the exact current monthly HOA due, in writing?

Get this from the listing or HOA directly - not an estimate - since it factors directly into your DTI and qualifying loan amount.

Verdict: No get it in writing before proceeding

2. Does your full payment - mortgage plus HOA dues plus taxes and insurance - fit your budget with room to spare?

Run the combined number in the affordability and DTI calculators, not just the mortgage payment alone.

Verdict: No look at lower-due properties or a different price point

3. Have you requested the budget, reserve study, and recent meeting minutes?

This is the core of HOA due diligence. Don't rely on the listing description or a verbal summary from the seller's agent.

Verdict: Not yet request them immediately, inspection clocks are running

4. Is the reserve fund adequately funded relative to the reserve study's recommendation?

A large gap between recommended and actual reserves is the single strongest predictor of a future special assessment.

Verdict: Underfunded treat as a serious risk, factor into your offer or walk away

5. Is the project on your lender's approved list (FHA/VA) or does it pass conventional project review?

Ask your loan officer to check this early - a project that fails review can stall or kill financing regardless of your personal qualification.

Verdict: Fails review financing may not be available on this specific property



6. Do the CC&Rs and rental/pet/architectural rules fit how you actually plan to live?

Check rental restrictions especially if renting the property out is part of your longer-term plan.

Verdict: Rules conflict with your plans reconsider this property specifically

7. All of the above check out?

The association appears financially healthy, the combined payment fits your budget, and the project should pass lender approval - proceeding is reasonable.

Verdict: Yes move forward with the purchase

Cost examples

Priya - comparing a \$500/month HOA condo to a similarly priced non-HOA townhome

Illustrative scenario, not a real quote. Priya is considering a \$360,000 condo with \$500/month HOA dues, versus a \$380,000 non-HOA townhome with no dues but full personal responsibility for exterior maintenance and a self-funded reserve.

	Condo with \$500/mo HOA	Townhome, no HOA
Purchase price	\$360,000	\$380,000
Est. principal & interest (illustrative rate)	~\$2,010/mo	~\$2,120/mo
Taxes & insurance (illustrative)	~\$430/mo	~\$470/mo (higher: self-insures more)
HOA dues	\$500/mo	\$0
Self-funded maintenance reserve (recommended, ~1%/yr of value)	~\$300/mo (interior only, exterior covered by HOA)	~\$320/mo (full exterior + interior)
Total monthly housing cost (illustrative)	~\$3,240/mo	~\$2,910/mo
Qualifying DTI impact	HOA dues count fully toward DTI	No HOA line item, but reserve isn't counted in DTI even though it's a real cost

TAKEAWAY

The HOA due shows up explicitly in DTI and the monthly bill, while the non-HOA home's true cost of self-maintenance is real but doesn't appear on a mortgage statement - it has to be budgeted separately and consistently to be a fair comparison. Neither option is automatically cheaper; the honest comparison requires estimating both.

Marcus - an underfunded reserve leads to a special assessment

Illustrative scenario, not a real building's finances. A 40-unit condo association needs a \$600,000 roof and facade repair. The reserve study recommended funding this over 15 years; the association funded only about 25% of that target.

If reserves were fully funded	Actual underfunded outcome
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Reserve study 15-year target contribution	~\$40,000/yr association-wide	~\$40,000/yr recommended
Actual annual reserve contribution	~\$40,000/yr (on track)	~\$10,000/yr (25% funded)
Reserve balance at time of repair need	~\$600,000 (fully covers repair)	~\$150,000
Shortfall requiring special assessment	\$0	~\$450,000
Illustrative per-unit special assessment (40 units, even split)	\$0	~\$11,250 per unit

TAKEAWAY

The repair cost didn't change - only the funding discipline did. A buyer who reviewed the reserve study and funding percentage before closing could have seen this risk coming; a buyer who skipped that step found out about it in a special assessment notice instead.

Timeline

Before you offer - ask the basic questions

Current due amount, whether it's FHA/VA-approved if relevant to your financing, and whether any special assessment is pending.

Within your inspection/HOA review period - request the full document package

CC&Rs, budget, reserve study, financials, delinquency report, meeting minutes, and insurance certificate.

Same window - run the numbers

Add the HOA due to your full payment in the affordability and DTI calculators, and compare the reserve fund balance to the reserve study's recommendation.

Loan officer check - confirm project eligibility

Ask your lender to run the condo/PUD project questionnaire early so a project-approval issue surfaces before your contingencies expire, not after.

Before closing - line up your HO-6 policy

Get a quote based on the master policy's actual coverage type so you're not underinsured on day one.

After closing - read the annual budget and attend the annual meeting

Staying engaged is the best way to see a due increase or assessment coming before it's a done decision.

Common mistakes



Comparing only the mortgage payment, not the HOA-inclusive payment

A lower-priced condo with high dues can cost more per month than a pricier home with none. Always compare the full housing cost, not just principal and interest.

Treating unusually low dues as a good sign

Dues that are low relative to the building's age, amenities, and size often mean an underfunded reserve, not a bargain - check the reserve study before assuming it's good news.

Skipping the reserve study and meeting minutes

The glossy amenity brochure doesn't tell you about a looming roof replacement. The reserve study and the last year of board minutes usually do.

Assuming any condo qualifies for any loan program

FHA and VA both require project-level approval, and conventional loans have their own project eligibility standards. Confirm this before you fall in love with a specific unit.

Not budgeting for a walls-in (HO-6) insurance policy

The master policy usually doesn't cover your belongings, upgrades, liability, or the pass-through deductible from a shared-cause loss. Skipping or underinsuring this is a common and costly gap.

Ignoring rental restrictions until you want to rent

If there's any chance you'll want to rent the property out later, confirm the current rental cap and waitlist status before buying, not after your plans change.

Assuming today's due amount will hold flat for years

Dues tend to rise with inflation, insurance costs, and reserve needs. Build in some expected increase when judging long-term affordability rather than freezing today's number in your plan.

Expert tips

- Ask your loan officer to check the project's conventional review status (full vs. limited vs. ineligible) and FHA/VA approval as early as possible - ideally before your inspection contingency runs out, not after the appraisal.
- Read the reserve study's funding percentage, not just whether one exists. A study showing 90%+ funding is a very different risk profile than one showing 20%.
- Ask specifically whether a special assessment has been discussed, proposed, or voted on in the last 24 months - get the answer in writing from the HOA or management company.
- Get your HO-6 insurance quote based on the master policy's actual declarations page, not a generic condo policy estimate, so you know your real coverage gap.
- If renting the unit out is even a possible future plan, confirm the current rental cap and waitlist before buying - some associations have multi-year waitlists for rental permission.



Decision checklist

- ☐ I have the exact current HOA due amount in writing
- ☐ I've run my full mortgage + HOA + taxes + insurance payment through the affordability calculator
- ☐ I've requested the CC&Rs, bylaws, and rules and regulations
- ☐ I've requested the current budget and most recent reserve study
- ☐ I've compared the reserve fund balance to the reserve study's recommended funding level
- ☐ I've asked directly whether a special assessment is pending, proposed, or discussed
- ☐ I've reviewed board/annual meeting minutes from the last 12-24 months
- ☐ I've confirmed the project's FHA/VA approval status if relevant to my financing
- ☐ I've asked my lender to run the conventional project eligibility review
- ☐ I've checked rental, pet, and architectural restrictions against my actual plans
- ☐ I've gotten an HO-6 insurance quote based on the master policy's actual coverage type
- ☐ I still have savings left after closing even after factoring in the HOA due

Frequently asked questions

Do HOA dues affect how much mortgage I can qualify for?

Yes. Under Fannie Mae Selling Guide B3-6-03 and FHA guidance, HOA dues are added to your monthly housing payment alongside principal, interest, taxes, and insurance for debt-to-income qualifying. A property with high dues can qualify you for a smaller loan amount than an identical-priced property without an HOA.

Can I still get an FHA or VA loan on a condo?

Only if the specific project is on HUD's approved condo list (FHA) or the VA's approved condominium list (VA). Individual buyer approval doesn't override a project's eligibility status - check the project's approval status before writing an offer if you're using either program.

What's the difference between the HOA's master insurance and my own policy?

The master policy, paid through dues, generally covers the building structure and common areas, and sometimes original unit finishes depending on the policy type. Your own HO-6 ("walls-in") policy covers your belongings, upgrades, liability, loss of use, and often the master policy's deductible if a loss originates in your unit. Most lenders require proof of an HO-6 policy at closing for condo purchases.

What is a special assessment and can I be forced to pay it?

A special assessment is an extra, non-routine charge levied by the HOA - often to cover a major repair the reserve fund doesn't have enough saved for. As an owner, you're generally bound by the association's governing documents to pay assessments once levied, whether or not you anticipated them when you bought.

**How do I find out if an HOA's finances are healthy before I buy?**

Request the current budget, the most recent reserve study, financial statements, and the delinquency rate during your inspection or HOA review period. Compare the reserve fund's actual balance to what the reserve study recommends - a large gap is the strongest warning sign of a future assessment or steep due increase.

Can an HOA restrict me from renting out my home?

Yes, many associations cap the percentage of units that can be rented, require a minimum ownership period first, or ban short-term rentals outright. If renting the property out is part of your plan - now or later - confirm the current rules and any waitlist before buying.

Why did my HOA dues go up so much this year?

Rising dues are commonly driven by inflation in labor and materials, rising master insurance premiums, or a board correcting a previously underfunded reserve. Reviewing the annual budget and asking the board directly is the best way to understand a specific increase.

Is it harder to sell a home in a poorly managed HOA?

It can be. Buyers and lenders increasingly scrutinize an association's reserve health, delinquency rate, and litigation status. A project with red flags can narrow your buyer pool and, in some cases, fail the same conventional, FHA, or VA project eligibility standards that affected your own purchase.

Sources

Fannie Mae Selling Guide B3-6-03 (Monthly Housing Expense) - How HOA/condo dues are included in the monthly housing payment and debt-to-income ratio for conventional loans. - selling-guide.fanniemae.com/

Fannie Mae Selling Guide B4-2.1 and B4-2.2 (Project Standards) - Condo and PUD project eligibility, including reserve funding, investor concentration, delinquency thresholds, and litigation standards. - selling-guide.fanniemae.com/

HUD Handbook 4000.1, II.A.5 (FHA Underwriting - Monthly Obligations) - Treatment of HOA dues and recurring obligations in FHA qualifying, and FHA condo project approval requirements. - www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh

VA Lender's Handbook (VA Pamphlet 26-7), Condominium Requirements - Requirement that a condominium project appear on the VA's approved condominium list before VA financing can be used. - www.benefits.va.gov/warms/pam26_7.asp

Consumer Financial Protection Bureau - Buying a House - General guidance on homebuyer due diligence, including reviewing HOA documents and understanding shared ownership costs. - www.consumerfinance.gov/owning-a-home/



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