



Affordable Housing
Reimagined

Condominium OWNERSHIP GUIDE

Havens Homes specializes in converting existing apartment buildings into condominiums in order to create high-quality affordable housing. This guide will explain everything you'll need to know in order to own and maintain your condominium home.

WHAT HAPPENS **BEFORE** YOU BUY

Havens Homes creates affordable housing by converting existing apartment buildings into condominiums. This is primarily a legal process - hiring lawyers, creating bylaws and other official documents - and you will not need to worry about any of it. The entire conversion process will be taken care of before you are even able to purchase a Havens Home. However, some of the more relevant parts of this process include the following:

CREATING AND FUNDING THE HOA ACCOUNTS

Havens Homes will create two bank accounts for the Homeowners' Association (HOA) that will pay for shared expenses in your new property. The **working account** will take care of recurring monthly or annual expenses. The **reserve account** is essentially a savings account to pay for future improvements (e.g. adding a fitness center) or unexpected expenses (e.g. broken water pipe).



REPAIRS AND RENOVATIONS

Before offering any property for sale, Havens Homes will undertake various repairs and renovations. Because many of the properties we convert are more than 20 years old, we primarily focus on structural and functional improvements - think new windows, new flooring, upgraded electrical panels and plumbing, and so forth. These are things that will certainly improve the quality of your home, but that most homeowners aren't excited to spend their money on. We will be happy to show you all the work we have done to improve your property before you make an offer to purchase.



WHAT HAPPENS *WHEN YOU BUY*

When you purchase a condominium, you are essentially buying two things - **full ownership** of your individual condominium unit, and an **undivided share in the common elements** of your property.

HOME OWNERSHIP

You will own 100% of the interior airspace of the condominium unit you are purchasing, as well as private use and enjoyment of anything specific to that condominium (e.g. dedicated parking, garage, private backyard). You can paint it how you want, update anything you want, and sell it if you ever want to.



COMMON ELEMENTS

In addition to owning your own home, you will have unrestricted access to the **common elements** of your property. These are the parts of your property that are technically owned by the HOA but can be used equally by every member of the HOA. Common elements might include greenspace, playground, community garden, laundry room, fitness center, or pool.



WHAT HAPPENS **AFTER** YOU BUY

When Havens Homes creates the HOA as part of the process of converting a rental property into a condominium, Havens Homes is the sole member and owner of that HOA. However, once new owners take possession of their new homes, Havens Homes will begin the process of transferring ownership of the HOA to the new owners.

HOA MEMBERSHIP

Upon purchasing a Havens Home, all owners automatically become voting members of the HOA that governs the entire property. There is only one voting member per household - so, if there are four condominiums in your HOA, there will be four voting members. All members will pay monthly HOA dues to fund the working account and reserve account.

TRANSFER OF HOA OWNERSHIP TO NEW OWNERS

Before any new owners come into the picture, Havens Homes owns 100% of the HOA, pays 100% of the HOA dues, and makes 100% of the decisions about how the HOA should run. As each new owner comes in, however, that share decreases. Havens Homes will plan to administer the HOA until the final unit is sold. At that point, Havens Homes will call an annual meeting of the new owners to officially transfer ownership of the HOA away from Havens Homes and to the new owners. You may choose to run the HOA yourself, or you may choose to hire a property management company to take care of it for you. Either way, you and the other owners will ultimately be in full control of your HOA. You'll be able to set appropriate dues, decide which repairs or improvements to make (or put off), and so forth. It is the intention of Havens Homes to transfer full ownership of the HOA to the new owners within 6 months of the purchase of the final unit in any given property.



FREQUENTLY ASKED QUESTIONS

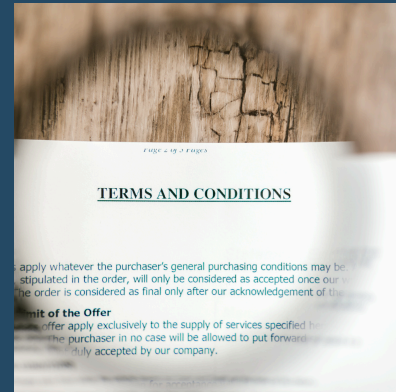
Understanding how HOAs work is an important part of owning a Havens Homes condominium. The following pages should provide answers to some of your most common questions.

What exactly is an HOA?

A Homeowners' Association (HOA) is the legal organization that manages and regulates a residential community that consists of multiple homeowners. All condominium owners automatically become members of their property's HOA.

LEGAL STUFF

- **HOA Bylaws** establish how officers are elected, when meetings are held, how voting works, and how to resolve any issues. HOA Bylaws typically follow a standard format, and yours will have been created by a real estate lawyer before you purchased your condominium.
- **Rules and Regulations** cover what residents in the community can and can't do (e.g. quiet hours, pet ownership). Some of these rules are required by insurance companies and can't easily be changed. Some rules, however, can be modified by a vote of the owners.



The HOA Bylaws and Rules & Regulations help keep things running smoothly

PEOPLE STUFF

- The **Board of Directors** elects officers for the HOA. In small HOAs, the Board of Directors and Officers are often the same people.
- The **HOA President** is responsible for presiding over any meetings of HOA members.
- The **HOA Treasurer** is responsible for collecting dues, paying HOA expenses, and providing an annual report of the HOA finances to its members.
- The **HOA Secretary** is responsible for taking notes of every HOA meeting and providing a copy of those notes to all HOA members.
- The **HOA members** are responsible for attending HOA meetings and voting on any issues that come up.



The HOA Board, Officers, and members work together to keep your property in good condition

How do HOA finances function?

The primary responsibility of your HOA is to keep your property in good working order for the enjoyment of everyone. Here's how it generally works:

MONTHLY EXPENSES AND REQUIREMENTS

Every month you will pay dues into your HOA's bank account. The exact amount is typically set each year at the HOA's annual meeting. The HOA Treasurer will then pay whatever bills the HOA is responsible for paying. These may include the following:

- **Exterior maintenance** (e.g. lawn care)
- **Shared utilities** (e.g. water, trash collection)
- **Property insurance**
- **Repair, maintenance, or improvement of common elements** (e.g. leaking roof, new fitness center equipment)
- **Funding the reserve account**

People sometimes complain about having to pay HOA dues, but it's worth pointing out that these expenses are *also* ones a single-family homeowner would have to pay (maintenance, utilities, saving for future repairs or improvements).



Your monthly HOA dues pay for shared expenses and help prepare for unexpected issues

YEARLY REQUIREMENTS

Every year the HOA President will call an annual meeting to discuss the following:

- **HOA finances** (may include raising or lowering the monthly HOA dues)
- **Relevant business** (e.g. update on recent repairs or improvements, any member concerns)
- **Conducting votes** (e.g. to approve the HOA budget)

In addition, any HOA member may request an emergency meeting to address any issues or concerns that may come up during the year.



Many small HOAs only require one meeting a year

Are there any downsides to owning a condo?

Purchasing a home is a major decision, and you want to make sure you're making the right one. Below are some of the concerns people have expressed to us, as well as how we've answered those concerns.

Q - What if somebody isn't following the rules?

A - If anyone is doing things they shouldn't be doing, you can discuss it at your annual meeting or request an emergency meeting to deal with the issue. Your HOA leadership is authorized to impose penalties on anyone who refuses to abide by your Rules & Regulations.



Most problems can be resolved quickly by bringing any issues to the attention of your HOA leadership and fellow condo owners

Q - What if somebody doesn't pay their dues?

A - Your HOA is legally authorized to collect unpaid dues from all residents, which can include everything from sending a letter to request payment all the way to filing a lawsuit to recover unpaid dues (with interest). You should feel very confident that you will not be paying more than your fair share of the HOA dues!



The biggest problem most HOAs face is not putting enough money in the reserve account

Q - What if our HOA doesn't have enough money to pay for an important repair?

A - If this were to happen for a single-family homeowner, they would be responsible for either using their savings to pay for the repair, or to take out a loan to do so. With an HOA, however, the most common solution is to issue a *special assessment* to all HOA members. We'll discuss what they are and how to handle them on the next page.

What is a special assessment?

A special assessment happens when your HOA requires all owners to pay for something there isn't currently enough money for. Let's imagine your building has six condos and needs a new roof. You got a quote for \$40,000, and your HOA reserve fund has \$10,000 available. Your HOA may authorize a special assessment in the amount of \$5,000 for each owner to collect the additional \$30,000 necessary to pay for the new roof.

It's important to note that **special assessments CANNOT happen without a majority vote of all HOA members**. You will never be assessed anything without knowing exactly what that money will pay for, and it will have to be authorized by a vote before it can happen.

Some people dislike the possibility of a special assessment so much that they don't want to own a condominium - but remember, owning a single-family home would not save you from having to pay to get your roof fixed if it needed to be repaired! Fortunately, HOAs offer multiple ways to reduce or eliminate the possibility of special assessments:

#1 - Maintain proper building insurance!

Proper insurance can help you avoid large payments for damages resulting from things like fires or lightning strikes.

#2 - Make sure your reserve account is properly funded!

The law requires that at least 10% of your HOA dues be placed into your HOA reserve account to prepare for unexpected expenses, and your HOA may choose to set aside more than 10%. The more you save now, the easier it will be to pay for whatever needs to be done later. (In fact, some people view the HOA reserve account as a great way to "force" people to save money for things they know they'll need to pay for later on.)

#3 - Consider getting a loss assessment rider!

Your personal homeowner's insurance provider may allow you to add a 'loss assessment' rider to your policy. It will pay a set amount for any special assessments your HOA may require. Think of it like an insurance policy specifically designed to cover special assessments (because that's exactly what it is!).

What are the UPSIDES to owning a condo?

There are several reasons that you might prefer to own a condo rather than renting. You may even prefer owning a condo to owning a single-family home!

1) FIXED MONTHLY PAYMENT

No more wondering if your landlord is going to raise your rents next year (and let's face it, they probably are).

2) LESS EXPENSIVE

Havens Homes condominiums are significantly less expensive than most single-family homes on the market. In fact, we've had several people tell us that the mortgage payment for their Havens Homes condominium is lower than what they had been paying to rent a less attractive place. What's not to love about that?

3) MINIMAL MAINTENANCE

Your HOA will handle the vast majority of building repairs, exterior maintenance, and taking care of any amenities and common elements, which means you only have to worry about the inside of your condo. Less time maintaining and fixing things means more time for you to actually enjoy them!

4) BUILD WEALTH

Every month you make your mortgage payment, you'll be earning equity on your condo - and each month you'll earn a little bit more. Property ownership is one of the most important avenues for wealth creation there is.

5) IT'S YOURS!

Your very own home, that you can keep as long as you want and do with as you please!



Not having to wonder if your rent will be increased next year is pretty nice!



There's nothing quite like owning your own home - and maybe the right moment for you is now!



MORE QUESTIONS?

Let us know how we can help!

Contact Us:



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