



The Fairview Condominium

An Analysis of Homeowner's Dues

What are Homeowner's Dues?

Homeowner's dues are dues to cover expenses of the Homeowner's Association. In simple terms, this covers items such as Fire and Liability Insurance on the building, common utilities including garbage, exterior window washing, landscape maintenance, club room maintenance, exercise room maintenance, garage maintenance, hallway cleaning, manager salary, management and administration costs, and reserves for the future replacement of roofs, driveways, decks, exterior painting, hallway carpet, etc.

Who determines the Homeowner's Dues?

The developer initially estimates the expenses of the association and creates an initial budget and dues. Ultimately, however, the homeowners will assume this duty. Once the Association takes over management, the Association will elect a Board of Directors. The property manager will help the Board to review the budgets and make recommendations for the next annual budget and dues. This will also include an annual reserve study prepared by an independent professional reserve study company. Based on the recommendations and study, the Board will set the coming year's budget and dues.

Can my dues go up in the future?

Initially, dues are an estimate and not based on historical operating costs. This is important to understand when comparing dues between different condominium projects. There is the inclination for many developers to set the dues as low as possible to look like a better deal than other condominiums. But, remember that the Homeowners and their Board will ultimately set the actual dues based on real expenses and reserve needs. In addition, if dues are kept too low, eventually there can be substantial special assessments to cover major expenses down the line. When comparing dues among other condominium associations, think about the type of building materials used for items such as siding, roofing, decking, etc. Are they low maintenance? Also, look at the amount of common amenities that will need to be maintained and replaced. Lastly, look to see if the reserve analysis seems conservative and realistic. These are the type of things that will affect the dues and expenses in the long run. The developer at The Fairview relied on independent advice from a professional property management company that specializes in condominium management, along with an independent reserve study. The full budget for The Fairview, along with the assumptions used and the full reserve study are all available for review. The Fairview was also designed with quality and long lasting materials such as 50-year roofing material, low maintenance Hardi composite siding, composite and concrete decking materials and quality carpet and furnishings in common areas. The Fairview is a certified Three Star Built Green™ building, which is based in large part on energy efficiency and low maintenance construction. These will mean long term savings for the homeowner.

*As a single family homeowner, I am not used to paying Homeowner's Dues.
Does a Condominium cost more to live in?*

You may be surprised if you do a thorough analysis that you may actually pay less in a condominium such as The Fairview. In some cases, substantially less! If you have owned a single family home, you have been used to paying your expenses in a different way. Instead of Homeowner's dues, you have been paying separate payments for insurance, garbage, painting, maintenance, yard expenses, repairs, etc. Some of the larger bills that you have paid on your home, you have not paid monthly. Remember the cost of replacing that roof, or the siding repairs, or painting the exterior? If you put all of those costs into a monthly format, you could then compare costs to condominium dues which includes reserves for those items.

In a condominium, you may be paying for some things that you may have done yourself in the past, such as yard work and exterior repairs. In a condominium, you will now be paying someone else for those things, along with professional management. But, you will find that other costs such as insurance, utilities, garbage, and even major replacement items will be substantially less in a condominium because of economies of scale. The cost to heat and cool your home will most certainly be much less. And keep in mind the possible savings and convenience of not belonging to a health club. Over-all, you will probably be quite pleased to find that these savings more than pay for the care-free lifestyle that comes with living in a condominium.

A full breakdown of a typical homeowner's dues payment is below which will help you to analyze and compare the dues at The Fairview with other condominiums or your single family home.

So.....lock the door, and take off on your extended dream vacation. Don't worry about your home at The Fairview as someone else is taking care of things while you are way! The landscaping will look just as good when you get back and you can immediately go and enjoy the many amenities that The Fairview has to offer without having to first complete your to-do list. You've earned it!

Breakdown of Average Homeowner Dues

	Average Monthly	Percentage
Garbage	\$6.43	2%
Other Common Utilities	\$54.51	13 %
Landscape Maintenance	\$22.59	5%
Elevator Maintenance	\$5.27	1%
Other Maintenance	\$45.02	11%
Payroll	\$64.82	15%
Insurance	\$39.68	9%
Services	\$9.65	2%
Property Management	\$18.07	4%
Other Admin. Costs	\$7.23	2%
Replacement Reserves	\$149.62	35%
<hr/>		
Total:	\$422.88	100%

This breakdown is for illustrative purposes, monthly dues vary by size of home.
See complete Homeowner's Association Budget for complete detail.