

## Differentiating HOA Assessments (Dues) from HOA Special Assessments

When dealing with a Homeowners Association (commonly known as "HOA") during escrow, one of the tasks is to request the HOA document package and HOA statement. The statement contains vital information such as the amount of regular HOA assessments (HOA dues) and the frequency of payment. These regular HOA assessments are typically divided between the Buyer and Seller at Close of Escrow. However, it's important not to confuse HOA assessments with special assessments.

Special assessments are additional charges on the property that are separate from regular HOA assessments. Unlike regular HOA assessments, HOA special assessments are usually not assumable, and it is the Seller's responsibility to pay them at the time of closing. Escrow must adhere to the provisions of Paragraph 17 (Prorations) in the California Residential Purchase Agreement and Joint Escrow Instructions which states:

Unless agreed upon in writing, the following items are to be paid current and prorated between Buyer and Seller as of Close of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed before Close of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien.

The following items must be assumed by the Buyer without any credit towards the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due.

