

HOA 101: Basic Terms & Definitions

Like any organization, HOAs or homeowners' associations use a language of their own. This can make living in an HOA community or attending an HOA meeting a frustrating or confusing experience. But, it doesn't have to be! Once you learn the basics, you will have a better understanding of what an HOA is and how it operates. Below are the most commonly used HOA terms and what they mean.

What is an HOA?

The HOA meaning is homeowners' association. They're established as non-profit organizations to help manage, run, and maintain a community. While HOA is the most common organization name, you may hear others, including condominium owners' association (COA).

What is an HOA board of directors?

To function correctly, an HOA is required to have a board which is authorized to act on a community's behalf. These boards help create and enforce community guidelines and maintain shared spaces. Boards are made up of volunteers from the community who are elected into the position by other members of the association.

What is an HOA board member?

Volunteers serving on the HOA board are called board members. Every board includes four central officer positions—HOA president, vice president, treasurer, and secretary.

What is an HOA quorum?

A quorum is the minimum number of owners required to hold a meeting for the association. Having a proper quorum is critical anytime an HOA board wants to conduct official business, change rules, or vote on new board officers.

What is an HOA board member's fiduciary duty?

Fiduciary responsibility means the board will have an ethical and moral obligation to make decisions for the benefit of everyone in the community.

What are HOA governing documents?

This collection of documents includes the declaration, bylaws, master deed, operation rules, articles of incorporation, and other materials that govern the day-to-day operation of the HOA.

What are HOA fees?

HOA fees, sometimes referred to as assessments, are collected on a monthly or yearly basis. These fees go towards association operations like insurance, landscaping, and maintenance, and towards the funding of an HOA reserve.

What is an HOA reserve fund?

The board is required to fund a reserve account for the community, which is collected to cover necessary capital improvements including parking lot resurfacing, new roofs, painting, and more.

What is an HOA budget?

A budget is a financial plan for an association that estimates income and expenses for a specific period.

What is an HOA assessment?

Assessments are additional fees that are typically used to pay for budget shortfalls or unexpected costs. A board must vote on an assessment before charging homeowners additional fees.

What is an HOA fine?

When an HOA rule or regulation is violated, an HOA fine can be issued. HOA fine amounts will depend on your community's governing documents and other local and state laws that regulate fees.