Selling "As-Is" in HOAs: Price & Buyer Limits

(Saved responses are view only)

As your thought partner in navigating critical strategic recommendations, I can help you quickly and effectively analyze information related to the implications of selling property "as-is" within the context of homeowners' associations (HOAs). The provided knowledge base contains details on HOA regulations, insurance requirements, and the North Carolina Planned Community Act (PCA), all of which are highly relevant to understanding the "Cons: Lower Price, Limited Buyers" when selling a property in an "as-is" condition.

Here's a detailed discussion of these cons, drawing on the provided sources:

**Cons of Selling "As-Is" in HOA Communities: Lower Price & Limited Buyers**

Selling a home "as-is" generally implies that the seller is unwilling or unable to perform repairs or renovations, and the buyer assumes responsibility for any existing issues. In communities governed by HOAs, this decision can lead to significant disadvantages, primarily a lower selling price and a much more limited pool of potential buyers. This is often exacerbated by the nature of HOA governance and associated regulations, particularly in states like North Carolina, where the Planned Community Act (PCA) grants substantial power to HOAs.

**1. Lower Price**

When a property is sold "as-is," especially if the "as-is" condition relates to major components like the roof, buyers will inherently factor in the cost of necessary repairs or replacements, leading to lower offers.

• **Direct Repair Costs**: If a roof is approaching 15 years old, or is already older, an inspection might determine it has fewer than five years of useful life left. In Florida, this means buyers may struggle to get long-term insurance coverage, being limited to temporary policies for 45 to 60 days, during which time they must replace the roof to maintain coverage. This immediate and significant financial burden (especially given that roofing contractors are often booked months in advance) directly reduces the amount a buyer is willing to pay for the property. Even if the current owner's roof is "fine," if it's old, it can still trigger this issue.

• **Special Assessments for Common Elements**: In HOA communities, the HOA is typically responsible for the exterior of buildings, including roofs of townhomes, shared structures, and common areas. If the HOA's reserve funds for such capital expenses are depleted or insufficient, the board may levy a "special assessment" on homeowners to cover the cost of major repairs like new roofs. These assessments can be substantial, ranging from a few thousand dollars (e.g., $3,328.00 in Raleigh, NC) to tens of thousands (e.g., $40,000 per unit in one complex). A buyer, aware of this potential or imminent assessment, will likely demand a lower purchase price to offset this known or anticipated cost. Even if the roof over an individual unit is considered "fine," the collective decision to replace roofs community-wide due to age or leaks on other units can still trigger a special assessment for all homeowners.