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How to Simplify the Tracking of Your HOA's Rentals

In this week's tip, we offer groundwork that will help you track and monitor your HOA's rental restrictions.

Rental caps are hotly debated but perhaps less common than the debate level suggests.

"I don't know that we have any clients that have the issue of enforcing a rental cap," says Steven Parker, president of FirstService Residential Nevada in Las Vegas, which manages hundreds of community associations. "We don't have a lot of communities that say there can be only 25 percent renters. They only say you can't have rentals or you can. Where the issue of rental percentages comes into play almost as much is for financing. The cap to qualify for Fannie Mae or Freddie Mac loans is 30 percent maximum rentals."

Beth Grimm, an attorney in Pleasant Hill, Calif., who's practiced HOA law for more than 25 years, representing both associations and homeowners, can't estimate how many California associations have such a cap. "I only talk to those who call me and ask if it's a good idea," she explains. "What I can tell you is that the lending industry has driven associations to implement them because of lending regulations that get more precarious as you get more rentals."

Lenders are also shaping the issue in Florida. "After the foreclosure crisis, a lot of associations here have been trying to cap the number of rentals to meet Fannie Mae restrictions and to get bank loans," says Jed L. Frankel, a partner at Eisinger, Brown, Lewis, Frankel & Chaiet PA in Hollywood, Fla., who advises community associations. "Many lenders will lend only if the association has less than a certain percentage of units rented."

Many management companies have systems that can help you get a handle on tracking renters. Find out what they offer, along with tips on how to create fair rules on who gets to rent and when, in our new article:

<http://www.hoaleader.com/members/987.cfm>

Best regards,
Matt Humphrey
President

