



Department of Commerce
Office of the Homeowners' Association Ombudsman

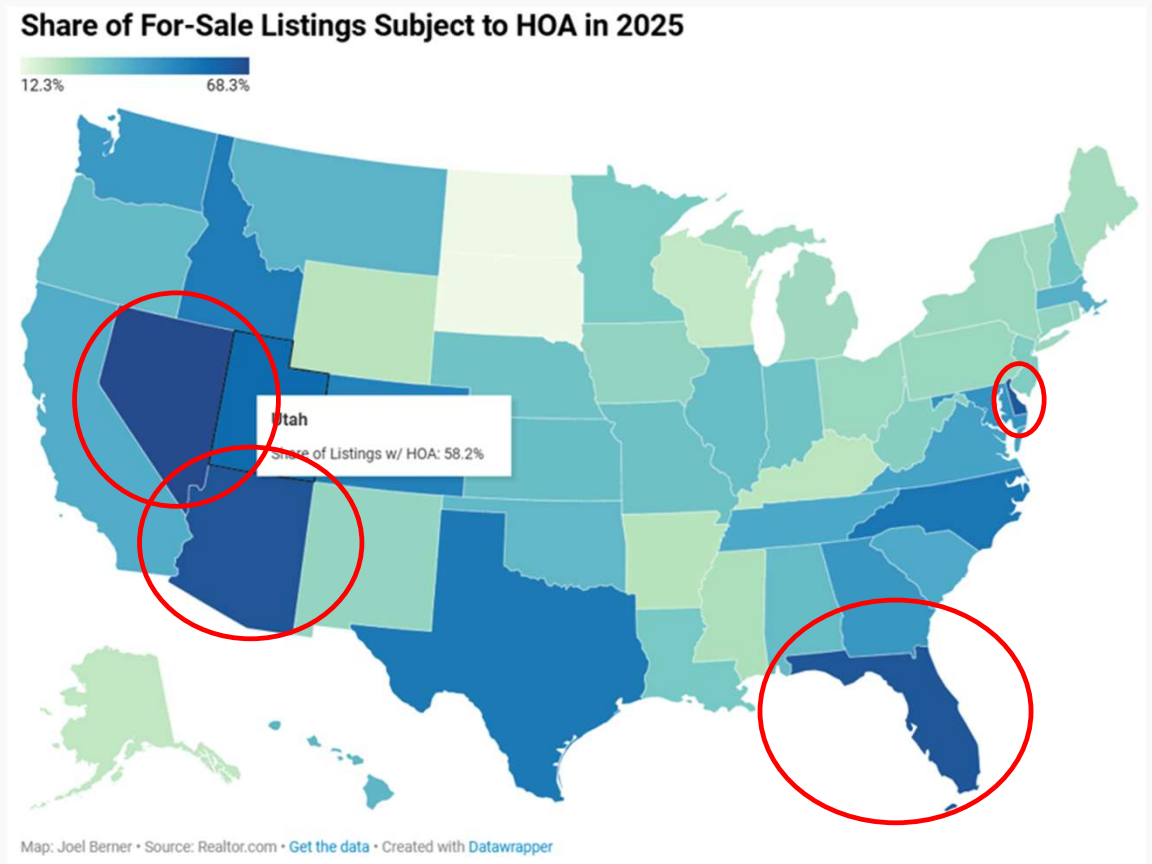
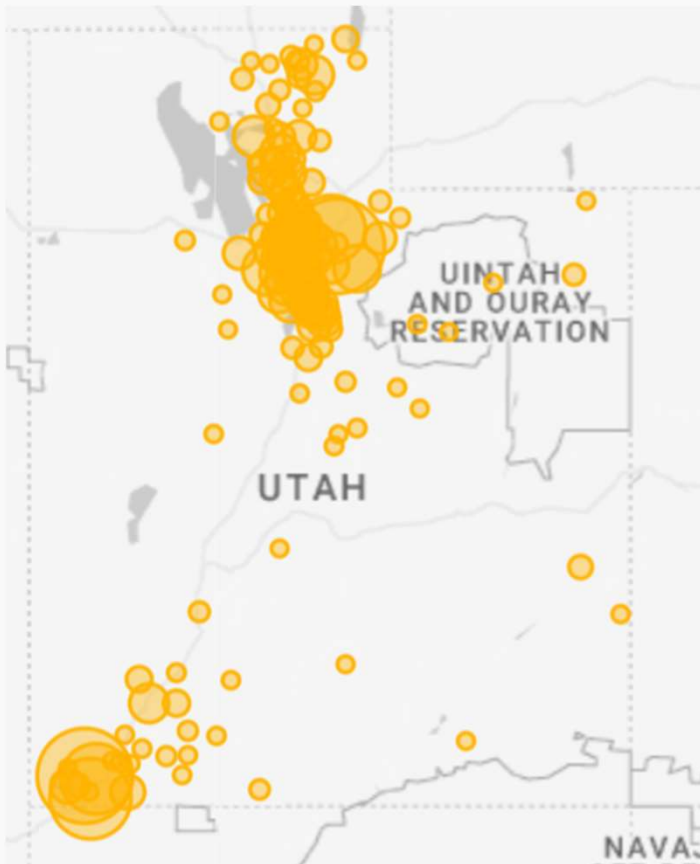
Homeowners' Associations: Friend or Foe?

October 23, 2026

A photograph of a row of modern townhouses with light-colored siding and dark roofs. In the foreground, a young tree with pink blossoms stands next to a dark wooden fence. A paved path curves along the right side of the townhouses. The sky is blue with scattered white clouds.

HOAs by the Numbers

Utah HOAs by the Numbers



Utah HOAs by the Numbers

Registration Details

Total Count of Active Registrations

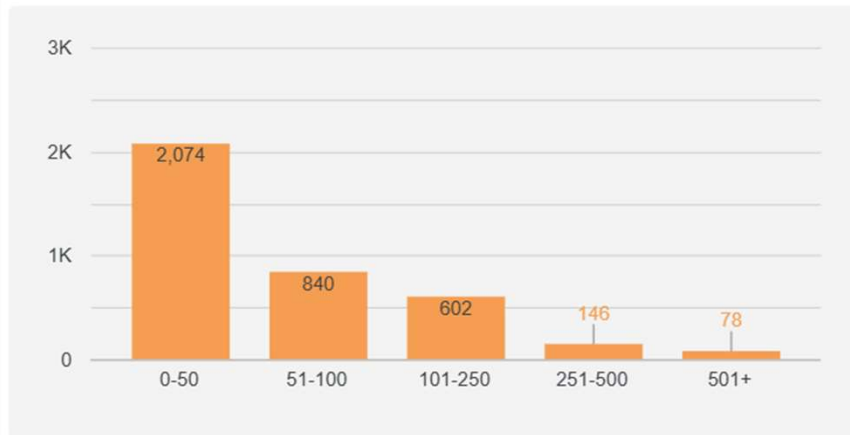
4,146

Registration Type ▾

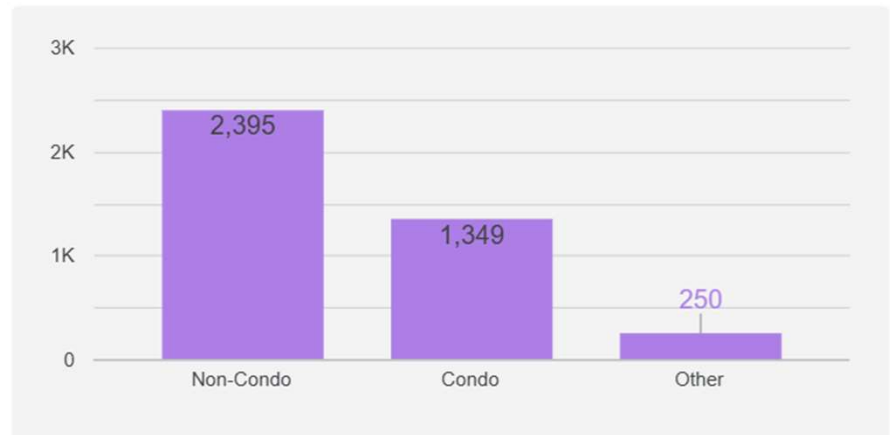
City ▾

County ▾

Number of Units



Condo vs Non-Condo



A photograph of a row of modern townhouses with light-colored siding and dark roofs. In the foreground, a young tree with pink blossoms stands next to a dark wooden fence. A paved path curves along the right side of the townhouses. The sky is blue with scattered white clouds.

HOA Basics

HOA Structure

Two Governing Laws in Utah:

- Condominium Ownership Act: Applies to condominium projects
- Community Association Act: Applies to other planned communities

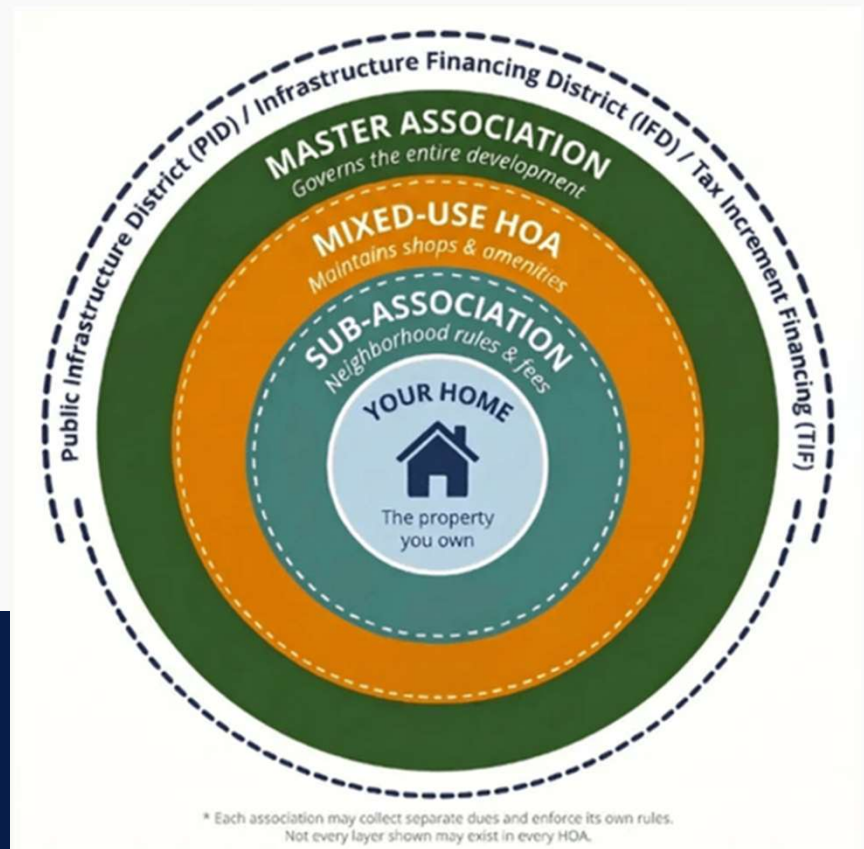
Important Terms:

- PID / IFD / TIF
- Large master planned development
- Master association
- Sub-association



Paradigm Shift

When you buy in an HOA, you're not just buying the home - you're buying the whole community.



* Each association may collect separate dues and enforce its own rules.
Not every layer shown may exist in every HOA.

Revenue Streams for an HOA

There are only 4 meaningful revenue streams for an HOA:



Annual Assessments



Special Assessments



Real Estate Fees



Loans



**The more complex the
HOA, the more money it
needs to function.**



**Let's Talk About
Reserves...**



State Law Requirements

01

How Often Do You Have to Do a Reserve Study?

Every 6 years, with an update every 3 years.

02

Who Can Conduct the Reserve Study?

The board can hire a third party, or they can do it themselves.

03

What's the Minimum Amount Required for Reserves?

No minimum threshold. Standard is “prudence”, or whatever is listed in the governing documents, if higher.



Two exceptions:

- 1) Governing documents can override
- 2) None of this applies during declarant control

Reserves requires saving for your neighborhood

Reserve funding across more than 100,000 professional reserve studies, 1986 to 2025.

74%

of association-governed communities are below 70% funded, the level the Community Associations Institute's National Reserve Study Standards treat as adequately funded.

In the most recent two-year cohort that figure reached 82%, the highest the firm has ever recorded.



“Percent funded” compares what an association actually holds in reserve against what a fully funded reserve would hold given the age and condition of its components. It is a snapshot of a distribution, not a time series; no one publishes annual reserve funding levels, so this cannot be charted as a trend.

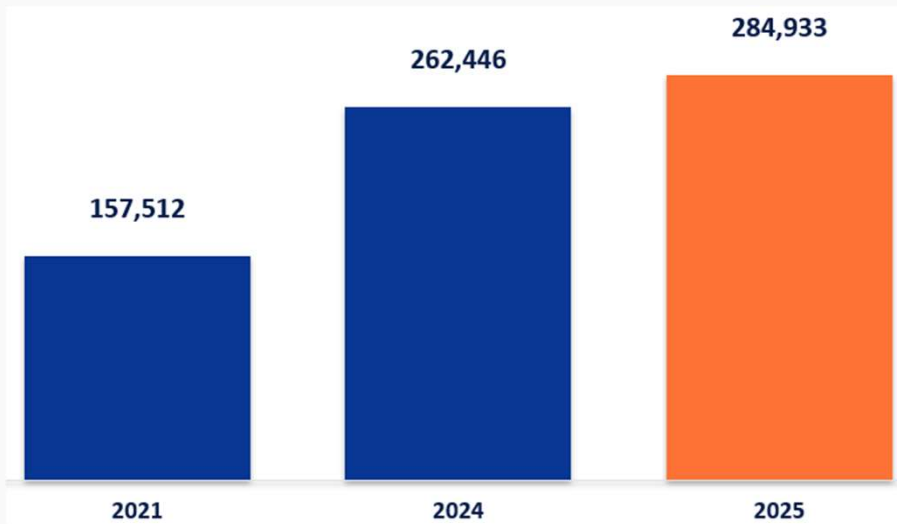
Source: Association Reserves, analysis of more than 100,000 reserve studies prepared 1986 to 2025, using CAI National Reserve Study Standards. Threshold definition: CAI National Reserve Study Standards.



**What happens when
reserves are
underfunded?**

Consequence #1: Increased Liens

Liens filed by community and condominium associations against owners, United States



One lien every 90 seconds

Filings rose 8.6% between 2024 and 2025 and have nearly doubled since 2021. A lien is filed when an owner falls behind on assessments, fees, or fines, and in many states (including Utah) it can lead to foreclosure.

Separately, ATTOM reports 6,376 properties with association-related foreclosure filings in the first quarter of 2026, up roughly 40% from two years earlier and rising faster than mortgage foreclosures overall.

Sources: Benutech Data Insights analysis of property records (2021, 2024, 2025 filings); ATTOM foreclosure data as reported by The Wall Street Journal. Vendor data, not an official government series.

Consequence #2: Poor Infrastructure Maintenance



Photo from The New York Times: *They Were Bullies: Inside the Turbulent Origins of the Collapsed Florida Condo*, Aug. 2021



Photo from NPR: 5 Years After the Surfside Condo Collapse, the Toll of the Tragedy Remains, June 24, 2026

Consequence #3:

Lender Requirements and FHA Status

01

Freddie Mac Bulletin 2026-C (Effective Aug. 3, 2026)
Fannie Mae Lender Letter LL-2026-03 (Effective Jan. 4, 2027)

- Minimum reserve contribution increases from **10%** to **15%** of assessment income for capital needs.
- Budgets must include the **highest recommended reserve allocation**.
- That amount **cannot** rely on a baseline funding method.
- Lenders must verify current funding meets the new threshold.

02

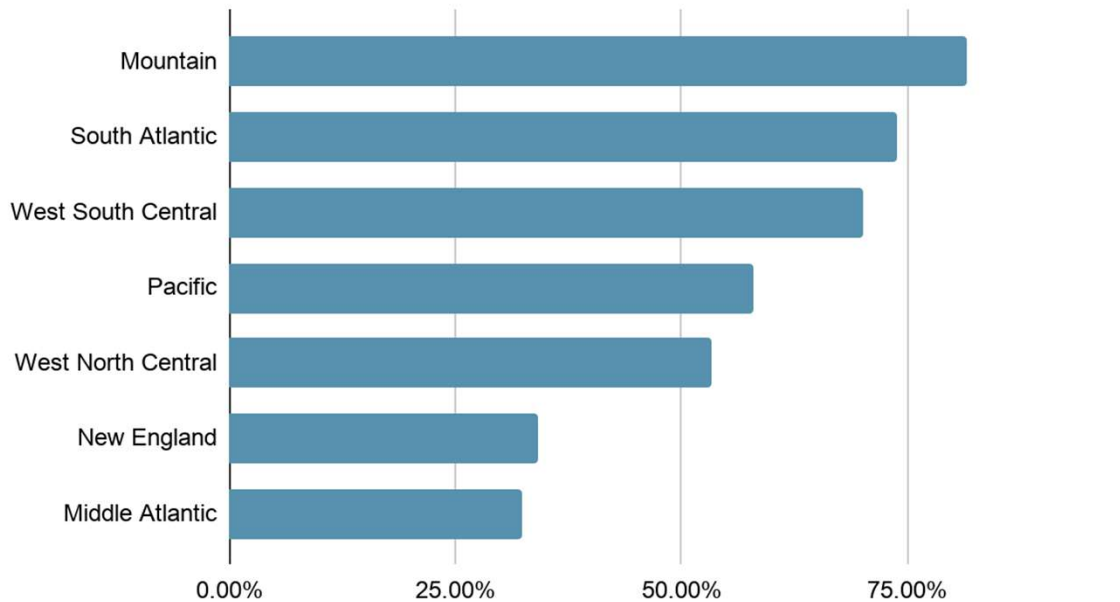
Loss of FHA Status

Condo associations can choose whether or not to maintain FHA qualification status. Many are not.

If a condo does not qualify for an FHA loan, it can significantly **limit the pool of potential buyers and make the most affordable housing unavailable**.

WHAT ABOUT CHOICE?

Percentage of New SFH Built in an HOA, 2024



Source: National Association of Home Builders, "HOAs are on the Rise Again for New Homes", December 8, 2025



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First-time homebuyer program bears fruit as Utah Legislature considers funding boost

by [Jacob Scholl](#) | Feb 5, 2026

Nearly 3,000 households in Utah have utilized the state's first-time homebuyer program since it was created in 2023, according to figures assembled by the Utah Housing Corporation and provided by the Utah Senate.

The Utah Housing Corporation has doled out over \$58.5 million as part of the First-Time Homebuyers Assistance Program (FTHB), an initiative created as part of [2023's Senate Bill 240](#). It included buyers of new-build homes, whether townhomes, single-family detached, condominiums or manufactured homes. The bill was authored by Senate President Stuart Adams, who asked for additional funds for the program Wednesday morning at the Utah State Capitol.

Forbes

Assessments Adding To Escalating Homeownership Costs

By [Jeffrey Steele](#), Contributor. © Jeffrey Steele has been a freelance writer for ...

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Published Aug 13, 2026, 09:00am EDT

Summary

Homeownership costs are escalating beyond just mortgages, insurance, maintenance, and property taxes. A significant, often overlooked, expense is the surge in homeowners association (HOA) assessments. Regular monthly fees have ballooned 50.5% since 2020, more than double inflation, with median special assessments reaching a record \$1,100 per door in 2025. This affects over 75 million Americans in managed communities, where one in three homeowners pays HOA fees, and 15% pay at least \$500 monthly. Aging infrastructure and rising insurance premiums are primary drivers. Experts stress that HOA boards, managing 373,000 communities, must consistently raise assessments for financial viability. Prospective buyers need to diligently inquire about monthly fees, reserve funds, and potential special assessments, as board transparency is crucial.



**What happens
when an HOA goes
belly up?**

**What about
dissolution?**

One Key Takeaway:

Intentionality

Get In Touch



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Thank You