

Issues with dissolving the HOA

1. A referendum with $\frac{2}{3}$ majority is required by our HOA governing documents. We have never reached that margin for any prior referendum. Our legally binding governing documents mandate that any vote less than that margin would require operations to continue.
2. Under dissolution, our Declaration mandates donation of the property to a governing agency. We would either have to donate and walk away, or first run a referendum, before the referendum on dissolution, changing the language to allow sale if that option is desired.
3. The sale of the property would require township approval/variances outside of R-25 zoning. The original resolution by the planning board establishing the club needs to be checked for conditions prior to any sale.
4. The work of closing the HOA would require a lot more volunteer hours than many people realize. A new board would need to be convened for that purpose.
5. In the event of donation or sale, how do we handle liens and delinquencies? There are some property owners (currently about 13) under lien who owe over \$1,000 in unpaid dues and legal fees. Are members comfortable with cancelling that debt?
6. There will be steep legal fees throughout the process for running multiple referendums, advising on legal matters, filing Articles of Dissolution with the State Treasury Dept. and the like. Those fees could amount to more than a full year's worth of association dues, which would still need to be collected throughout the process.
7. Even if the club closes, property maintenance is the obligation of the association until ownership is transferred. Dues would still need to be collected to pay for things like property insurance, landscaping and site maintenance. Due to the complexity of the questions outlined above, that process could drag out well over a year and could entail collections of dues for multiple years after operations cease.
8. HOA statements for home sales would still need to be prepared throughout the duration of the process. If homes sell in the middle of the process of dissolving the HOA, how are dues or any potential homeowner proceeds handled?
9. Because of the costs and complexity of the task, even if our governing documents were changed to allow for private sale of the property, any homeowner payout for that sale might be much more modest than expected. According to our current Declaration, there would be no payout at all in the event of property donation.
10. Closing operations and dissolving the HOA means losing a valuable asset to our community. All real-estate professionals or HOA attorneys we have spoken to have stressed the value of our club not just to community life but to property values vs. the relatively modest cost of operations. Although the initial two years of assessments are high, the assessments recommended in the capital reserve report do drop back to much more reasonable levels after the initial reserve fund and immediately necessary repairs are made, and the combined assessments/dues cost after year three is about what our sister clubs (MH Manalapan and MH Marlboro) pay in dues each year.