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HOA Wants to Charge "Initiation" Fee: Is This Semantics or a New Fee?

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An [HOAleader.com reader asks](#): "What are legal steps to start to apply an initiation fee to new owners? Our community is a golf and country club located in Naples, Fla."

Here, our experts explain whether they've ever heard of a condo or HOA that charged an *initiation fee*. If so, what authority do they have to charge such a fee?

Or is it possible what our reader is calling an *initiation fee* is just another word for a *transfer fee*?

Or do our experts think the initiation fee our reader is asking about is for the country club, which would be a very different story than an initiation fee for a condo or HOA?

Fuzzy Language Everywhere

This discussion could get confusing, so let's lay this out state by state so that you can more easily follow the terminology.

Florida—"In Florida, a condo can't charge any fees to an incoming owner other than an *application fee*," states [Zuly Maribona](#), LCAM, the Bonita Springs, Fla.-based senior vice president and partner at KW Property Management who oversees the company's southwest Florida, Jacksonville, Orlando, Tampa, and North Carolina operations. "The application fee is typically supposed to help with the screening process and costs related to new owners being vetted for moving into the association.

"In a country club, of course, anything you're a member of, you can charge an *initiation fee*—a membership of sorts," she adds.

"In an HOA, typically an owner is a member, so it's just what you name the fee," says Maribona. "I wouldn't call a fee an *initiation fee*, and typically documents would have to allow you to charge for that. Often documents say there will be a *capital contribution fee* or a *working capital fee*. It's just the name is different, but it's almost the same thing.

"Typically, a developer will charge a working capital fee when a person signs a contract and buys a new home," she notes. "They charge that up front; it's kind of like a startup fee.

"Once you're in the association and go to resell, typically the association documents allow you to be charged a *capital contribution fee* after the developer is gone," says Maribona. "And typically boards have the freedom to increase that fee. We have properties that have a \$5,000 fee for every resale or title change. That helps fund the needs and operations of the association."