



## ESTOPPEL LETTER EXPLANATION

A homeowners' association issues an estoppel letter into escrow declaring the seller's outstanding obligations when a property is sold. You're buying a property governed by a homeowner's association and are aware that dues are paid quarterly. During escrow, an estoppel letter from the HOA is requested by the seller. This legal document outlines information regarding the current owner's financial standing in regards to the HOA, what is due and what has not been paid. It also indicates any assessments that are in progress or projected. Negotiations often result between sellers and buyers once an estoppel letter is revealed. Most states have laws stating that an estoppel letter from the homeowners' association must be put into the escrow documents when a property transfers title. Before closing escrow, the title company will require that the findings of the estoppel letter be settled, if any money is due the association.



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