When Your Mortgage Is Paid But Your Home Still Isn't Safe: The Growing Risk of HOA Foreclosures

August 4, 2026 - Millions of Americans believe that as long as they make their mortgage payment every month, their home is secure. For homeowners who live in neighborhoods governed by a homeowners association (HOA), condominium association, or housing cooperative, that assumption may not always be true.

A growing number of community associations across the country are filing liens and pursuing foreclosure against homeowners who fall behind on association dues, even when those homeowners remain current on their mortgage. While the number of cases remains relatively small compared to the total number of homes in HOAs, the trend is increasing and has caught the attention of housing experts, lenders, and consumer advocates.
The Wall Street Journal recently reported that HOA foreclosure filings reached 6,376 properties during the first quarter of 2026, nearly 40 percent higher than two years earlier. The newspaper cited data from property analytics firm ATTOM and lien data provider Benutech, which found that more than 285,000 HOA liens were filed during 2025, an increase of 8.8 percent over the previous year.

The story highlights an issue many homeowners have never considered: in some situations, an unpaid HOA assessment of only a few thousand dollars can place an entire home at risk.

The reason this matters is simple. According to the Community Associations Institute, approximately 78.1 million Americans now live in communities governed by an HOA, condominium association, or housing cooperative. Those associations oversee roughly one-third of the nation's housing stock, and nearly two-thirds of newly constructed homes are now built within association-governed communities.

That means tens of millions of homeowners are subject to rules and financial obligations that extend beyond their mortgage agreement.

The increase in HOA collections is being driven by financial pressures facing the associations themselves. Insurance premiums have climbed sharply across much of the country, particularly in states prone to hurricanes, wildfires, and severe weather. The Foundation for Community Association Research found that 91 percent of community associations experienced insurance premium increases between 2024 and early 2025, while 17 percent reported that premiums had more than doubled.

At the same time, aging buildings require more expensive repairs, labor and material costs remain elevated, and many associations have depleted reserve funds. In Florida, stricter reserve funding requirements adopted after the 2021 Surfside condominium collapse have forced many associations to levy large special assessments and become more aggressive in collecting unpaid dues.

As a result, many associations are shortening the amount of time they allow delinquent homeowners before turning accounts over to collection attorneys.

The legal process usually begins with unpaid assessments, followed by late fees and attorney costs. If the debt remains unpaid, the association can record a lien against the property. In many states, that lien may eventually lead to foreclosure.

One of the most misunderstood aspects of HOA law involves what attorneys call a "super-priority lien."

Under normal circumstances, liens are paid in the order they were recorded. Property taxes are generally paid first, followed by the first mortgage, then other liens. An HOA would normally stand behind the mortgage lender.

Several states, however, give HOAs limited super-priority status. Instead of waiting behind the mortgage lender, a portion of unpaid HOA assessments - often six to twelve months of regular dues - receives priority over the lender's mortgage.

This does not necessarily mean the HOA outranks the mortgage for the entire debt. Rather, the law allows a limited portion of unpaid assessments to be paid before the lender receives its share of foreclosure proceeds.

The rules vary considerably from state to state.

Some states provide strong protections for homeowners by limiting when an HOA can foreclose, requiring minimum delinquency amounts, mandatory notices, mediation, or payment opportunities. California, for example, generally prohibits HOA foreclosure unless a homeowner has been delinquent for at least 12 months or owes at least $1,800 in regular assessments, excluding many fees and penalties.

Other states provide associations with broader foreclosure authority. Nevada's super-priority statute became the subject of years of litigation after the housing crisis because HOA foreclosures in certain circumstances could extinguish a lender's mortgage interest if the lender failed to protect its rights. Similar laws exist in roughly 20 states, although the details differ significantly.

This patchwork of state laws makes it difficult to generalize about HOA foreclosure risk. Homeowners should understand the laws governing their own state and their specific association.

Mortgage lenders are well aware of these risks.

Large mortgage servicers routinely monitor HOA accounts connected to the loans they service. If an HOA begins foreclosure proceedings, lenders frequently pay the delinquent HOA assessments themselves to protect their mortgage interest. Where permitted under the mortgage agreement, the lender then adds those costs to the homeowner's loan balance or seeks reimbursement from the borrower.

From the lender's perspective, paying a few thousand dollars to preserve a mortgage worth several hundred thousand dollars is often the least expensive option.

Although recent headlines may sound alarming, the actual number of homeowners affected remains relatively small.

Based on the first-quarter ATTOM data cited by The Wall Street Journal, HOA foreclosure filings would total approximately 25,500 nationwide if the pace continues throughout the year. With roughly 30 to 32 million homes located in HOA-governed communities, that equates to about 0.08 percent of HOA homes annually, or roughly one out of every 1,200 homes.

The number of HOA liens is considerably larger. Benutech reported more than 285,000 liens filed during 2025. That represents approximately 0.9 percent of HOA homes, or about one out of every 110 homes.

Those figures should be viewed cautiously.

There is currently no national database that tracks HOA foreclosures from initial delinquency through completed foreclosure sale. Existing statistics come from companies such as ATTOM, Benutech, county recording offices, and state court systems, each of which measures different parts of the process.

As a result, estimating how many homeowners ultimately lose their homes following an HOA foreclosure filing is largely an educated estimate rather than a precise national statistic. Industry experts generally agree that most liens never result in foreclosure because homeowners catch up on payments, negotiate payment plans, refinance, sell the property voluntarily, or have their mortgage lender step in to protect its security interest.

Another area that often causes confusion is credit reporting.

Simply falling behind on HOA dues typically does not appear on a consumer's credit report because most associations do not report payment history directly to the major credit bureaus.

However, if the unpaid account is turned over to a collection agency or collection law firm, the debt may appear as a collection account, potentially lowering the homeowner's credit score.

The HOA lien itself generally does not appear on a modern consumer credit report, although it becomes part of the public record and can complicate refinancing or selling the property because it will surface during a title search.

An HOA foreclosure can create even greater financial consequences. Depending on state law and the circumstances of the sale, the homeowner may lose the property, forfeit substantial home equity, and eventually face mortgage default if the lender is not fully repaid. In many cases, the most significant damage to a homeowner's credit comes not directly from the HOA foreclosure itself, but from the related mortgage default, collection accounts, or other financial consequences that follow.

The recent increase in HOA foreclosures serves as a reminder that homeownership today involves more than making a monthly mortgage payment. For the millions of Americans living in association-governed communities, understanding the association's governing documents, staying current on assessments, and responding immediately to delinquency notices can be just as important as paying the mortgage itself.

by Jim Malmberg

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