

## **CHAPA's Policies and Procedures on Capital Improvements**

### **Definition**

CHAPA defines capital improvement as a necessary maintenance improvement, not covered by a condominium or homeowner association fee, that if not done would compromise the structural integrity of the property.

Examples of necessary capital improvements including the following:

- New roof
- The replacement of windows due to damage or long-term wear and tear
- The replacement of siding, shingles or clapboard due to damage or long-term wear
- Exterior painting due to deterioration
- Heating or plumbing replacement
- Structural deficiencies such as termite or other pest damage, water damage, or other maintenance as required
- Septic tank replacement
- Appliance replacement (stove, dishwasher, refrigerator)
- Other improvements identified by the owner and reviewed by CHAPA.

Improvements such as the installation of central air conditioning, outdoor decks, flooring (except in cases of replacement due to damage or long-term wear), additions or finishing of unfinished spaces, garages, landscaping, and other items identified by the owner that are upgraded or luxury improvements will not be considered capital improvements and cannot be added to the resale price when the property is sold.

### **Getting Capital Improvements Approved**

Subject to the terms of your deed rider recorded with your deed at the time of purchase, capital improvements must be approved by the monitoring agent in order to be considered and added to the resale price. CHAPA requires that a request be made in writing for the improvement, including a description of the work to be done, an estimate of the cost, and an explanation of why the work is a capital improvement. If the request is approved, CHAPA will require a copy of the paid invoice after the completion of the work.

If the owner is purchasing materials and is completing the project on their own, only the cost of the materials can be taken into consideration.

If a condominium or homeowners' association has a special assessment, CHAPA will take into consideration the cost to the homeowner on a case by case basis. Additional documentation may be requested.

At the time of resale, CHAPA will determine the current value of the improvement. For example, if a new heating system is installed for \$5,000 and the owner sells the property 5 years later, the full \$5,000 will not be added to the resale price. As with market rate properties, the value of the heating system is the greatest when it is new and it depreciates over time.

### **Contacting CHAPA**

Requests for capital improvements or questions can be directed to:

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