

The Colorado HOA Information and Resource Center

HOA Forum - Friday, November 21, 2025

Special Assessments

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Thank you for joining. We will begin momentarily..



What the HOA Center Does:

- Provides information to homeowners regarding their basic rights and responsibilities under the Colorado Common Interest Ownership Act “CCIOA”.
- Gathers, analyzes, and reports information through complaints and HOA registrations.
- Creates resource materials.
- Provides education and forums.
- Provides a website with information for the public.
- Registers HOAs pursuant to §38-33.3-401(1) C.R.S.
- Provides an Annual Report to the Legislature.



What the HOA Center Does Not Do:

- Does not mediate or arbitrate on behalf of homeowners, board members, or community association managers.
- Does not act as a regulatory program.
- Does not provide legal advice.
- Does not investigate or intervene in disputes that arise between homeowners or associations.
- Does not act as an advocate.
- Does not assess fines or penalties.
- Does not enforce an HOA's failure to register.



Disclaimer

The information in this presentation is not intended to be construed as legal advice. It is for educational purposes only.



COLORADO
Department of
Regulatory Agencies
Division of Real Estate

CCIOA Legislative Declaration

- 38-33.3-102. Legislative declaration. (1) The general assembly hereby finds, determines, and declares, as follows:

(b) That the continuation of the economic prosperity of Colorado is dependent upon the strengthening of homeowner associations in common interest communities financially through the **setting of budget guidelines**, the **creation of statutory assessment liens**, the granting of six months' lien priority, the facilitation of borrowing, and more certain powers in the association to **sue on behalf of the owners** and through enhancing the financial stability of associations by **increasing the association's powers to collect delinquent assessments**, late charges, fines, and enforcement costs; CCIOA states that an association, without specific authorization in the declaration, may **adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from unit owners.**



Managing HOA Budgets and Finances

- As indicated in the previous slide, one of the main functions of the HOA board of directors is to handle the finances of the association and to create an annual budget for its operation. The association assesses dues to the owners for its operation based upon that budget.
- The board of directors is responsible for making sure that enough income comes into the association by way of owner dues in order to meet its operational expenses and reserve requirements.
- For more information on HOA budgets, see the HOA Center's December 15, 2023 HOA Forum on HOA Budgets: <https://dre.colorado.gov/recent-hoa-forums>



Budget Process of an HOA

For most Communities (pre-CCIOA and CCIOA) In Colorado:

- CCIOA indicates that HOAs need to follow the following process for creating and passing a budget for the association:
 - Draft and adopt a budget,
 - Provide notice of the adopted budget to the membership, and;
 - Set a meeting for association members to review and consider a veto of the budget.



Budget Process of an HOA (con't)

- Unless a majority of the owners veto the proposed budget (or such higher percentage as established in the Declaration), the proposed budget becomes the approved budget of the association. Additionally, associations can require owner approval of the budget, as allowed by CCIOA.
- Associations also have the power to amend their budgets for revenues, expenditures, and reserves.



Limited Expense Communities In Colorado

- For limited expense communities, as defined in section 38-33.3-119 of CCIOA, CCIOA does not define the budgetary requirements needed to pass an association's annual budget. For those communities, carefully review the association's governing documents for the budget process.

Types of HOA Assessments

Regular

- Usually paid on a monthly, quarterly, or annual basis
- Used to cover general operational costs in the community including:
 - Maintenance
 - Landscaping
 - Legal Fees
 - Registration Fees
 - Insurance
 - Others

Special

- Usually less frequent and made on an ad hoc (as needed) basis
- Used to cover unplanned, large expenditures such as:
 - Replacement of a common element
 - New construction
 - Unexpected major expenses
 - Replenish the reserve account



More about Regular Assessments

- Is there an average HOA dues amount in Colorado?
 - No. Because every community is different/unique with respect to age, size, number of units, nature of amenities, etc., there is no average amount, though various sources online show anywhere from \$200-\$400 in Colorado.
- Executive boards may raise dues as they deem necessary in order to meet the operational requirements as set forth in the approved budget.
 - Some communities may have limitations, or a “cap”, for how much a board may raise dues in any singular year. Check the governing documents.
- Most governing documents permit the executive board to increase dues by majority vote of the board.
 - The board must still allow for owner input to be heard prior to the vote in accordance with 38-33.3-308(2.5)(b), C.R.S.
- While the Colorado Nonprofit Act permits boards take action without holding a meeting, CCIOA still grants to unit owners the right to speak on an issue before the board votes on that issue.

More about Regular Assessments (con't)

- While the Colorado Nonprofit Act permits boards take action without holding a meeting, CCIOA still grants to unit owners the right to speak on an issue before the board votes on that issue.
 - The board may place reasonable time restrictions on persons speaking during the meeting.
 - What is “reasonable”? The HOA Center can not make that determination; however, 3-4 minutes is generally an accepted practice.
 - Banning, muting, or otherwise preventing homeowners from attending online Zoom meetings may lead to liability.

More about Special Assessments

- How are they due?
 - Sometimes due on notice, sometimes payable in installments.
- An HOAs governing documents will likely dictate how soon a board may require payment of a special assessment.
- Similar to the procedure for increasing regular dues, an HOA executive board, in most cases, may levy a special assessment through majority vote of the board, i.e., no owner approval is required.
 - Some limitations may exist in the governing documents. Check the HOA governing documents.
- Further, because a vote is required, owners must still be allowed to speak prior to the vote.
- For BOTH actions (voting to increase regular dues and voting to levy a special assessment), the action **MUST** be properly memorialized in the meeting minutes at the meeting in which the vote occurred.
 - While the Colorado Nonprofit Act permits a board to act outside a meeting, section 7-127-107 sets forth very specific requirements a board must follow if it chooses to go this route.



Who pays for it?

- Generally, all the unit owners, although a special assessment may be levied against a specific group of unit owners - such as those who enjoy a limited common element like a balcony or storage unit.



Authority

- Any authority to levy a special assessment on homeowners **MUST** be found in the governing documents.
- In most Colorado communities, once a special assessment has been approved by the board, the board must follow the CCIOA budget ratification process found in 38-33.3-303(4), C.R.S. of CCIOA, which includes mailing a budget summary to all owners within 90 days and holding a meeting to allow for an owner veto.

Financial Audit/Review

- At the discretion of the executive board or upon owner request, the books and records of the association shall be subject to an audit, using generally accepted auditing standards, to be performed by a certified public accountant.
- If an audit is requested by the owners of at least one-third of the units represented by the association, in order for a unit owner-requested audit to occur, the association must have annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000.00). For more information on this audit process, please see section 38-33.3-303(4)(b)(I) of CCIOA.
- As an alternative, and HOA may request a review, which uses statements on standards for accounting and review services by an independent and qualified person selected by the board, which person shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study.



Considerations for the Board

1. Determine if special assessments are allowed for in the governing documents
2. Is homeowner approval required, or can the board proceed with approval?
3. Will the cost be spread out evenly among all the units?
4. One lump-sum, or monthly payments?



Ways to Obtain Homeowner Approval

- Be transparent about the need for the funds!
- Conduct thorough research about the expenditure:
 - Define the project's purpose, conduct a feasibility/financial study
 - Document deliverables, set objectives, allocate resources
 - Measure performance against the plan, address any shortcomings
 - Inform homeowners of when and how the final product will be delivered, identify lessons learned
- Communicate early, communicate often
- Provide a feasible payment schedule
- Determine if the project is truly needed. Can a compromise be made?
- Seek input from professionals, like architects, engineers, or accountants.



Ways to Obtain Homeowner Approval (con't)

- Communicate early, communicate often
- Provide a feasible payment schedule
- Determine if the project is truly needed. Can a compromise be made?
- Seek input from professionals, like architects, engineers, or accountants.



Incurring Debt/Taking Out a Loan

- Most covenants allow for the board of directors to borrow money and incur debt on behalf of the association.
- This power is also explicitly granted in section 7-123-102 of the Colorado Nonprofit Corporation Act.
- Additionally, CCIOA allows for associations to pledge their future assessments as collateral or subject the common areas to a security interest. Section 312 of CCIOA requires approval of 67% of the membership before subjecting the common areas to a security interest. Therefore, depending on the association's governing documents, it may also be necessary to obtain membership approval before pledging future assessments.



Reserves and the Reserve Study

- A reserve study is an examination conducted by a reserve specialist, consultant or accounting firm for the purpose of analyzing any probable long-term expenses.
- The reserve analysis is then used to estimate the association's reserve needs as accurately as possible.



Are HOAs Required to Conduct a Reserve Study?

- No, HOAs are not required by state law to conduct reserve studies.
- A bill, HB22-1387, was introduced in the 2022 General Assembly that would have required reserve studies, but ultimately it did not become law.
- CCIOA DOES require associations to adopt a reserve study *policy*, which must indicate:
 - 1) when the association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the association;
 - 2) whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and
 - 3) whether the reserve study is based on a physical analysis and financial analysis.
- CCIOA also requires associations to adopt a policy concerning the investment of reserve funds.
- See the nine required governance policies at 38-33.3-209.5(1)(b), C.R.S.



Use of Reserves

- An HOA's reserve fund is an account dedicated to unanticipated and deferred expenditures, especially large ones.
- The association allocates money toward its reserve account over time so that, when a costly repair or financial outlay becomes necessary, cash reserves are available to handle the expense without sacrificing day-to-day functions.
- The use of reserve funds is generally at the discretion of the Board, unless the governing documents require membership approval.



Use of Reserves (con't)

- § 7-128-401 of the Colorado Nonprofit Corporations Act states that boards have discretionary authority, provided they are acting in:
 - Good faith;
 - With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and,
 - In a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation.



Ways to Increase Cash Flow Without Increasing Assessments



1. Working Capital Contributions
 - a. One-time payment collected from each new owner upon closing.
 - b. Typically, one to three months' assessments up front.
 - c. Could be particularly useful in communities with high turnover or seasonal occupancy.
 - d. Authority must be granted in the Declaration. If no authority exists, owner approval would be required through an amendment to the Declaration.



Ways to Increase Cash Flow Without Increasing Assessments (con't)



1. Rent or Lease Community Property
 - a. If your community has a clubhouse, lakefront dock, or other community owned property that might be utilized for social or recreational purposes, consider renting or leasing that space for additional revenue.
 - b. While some planning will need to take place and legal counsel should be consulted with, a great way to utilize community owned property to generate revenue is through renting or leasing.



Ways to Increase Cash Flow Without Increasing Assessments (con't 2)



1. Sell Space in the Community Newsletter to Advertisers
 - a. One very underutilized asset is a community's regular newsletter. If your community has a newsletter that it publishes regularly, consider reaching out to local businesses to determine any interest in advertising services in your community.
 - b. While the size of your community will likely be the biggest factor in determining if this is a worthwhile venture, some local area businesses might still be interested in a smaller, but targeted demographic to advertise to.



Ways to Increase Cash Flow Without Increasing Assessments (con't 3)



1. Charge a Facilities Fee
 - a. Things like swimming pools, spas and related facilities cost money to operate and maintain. Quite frequently, these amenities are not used by every single member of the community. If this is the case in your community, your board may want to consider instituting a facilities fee for access to certain amenities.
 - b. The idea behind this is that the cost of operating and maintaining these facilities would be paid for by those using them, which may be considered a more fair way to pay for those costs, rather than raise dues or impose a special assessment as those costs increase, which may affect everyone in the community, whether or not they regularly enjoy those amenities.



Ways to Increase Cash Flow Without Increasing Assessments (con't 4)



1. Investment of Reserves

- a. While this approach will most certainly require the involvement of professional services, the Colorado Common Interest Ownership Act contemplates that boards may invest association funds. As such, section 38-33.3-209.5(1)(b)(VI) requires associations to have an “investment of reserve funds” policy.
- b. Look at your community’s policy to determine how viable investment of association funds may be for your neighborhood.



Ways to Increase Cash Flow Without Increasing Assessments (con't 5)



1. Cut Costs

- a. Ok, this one is not really a way to generate additional revenue, but it is worth reminding yourself that a trim budget can make all the difference when it comes to association finances.
- b. Look at your community's policy to determine how viable investment of association funds may be for your neighborhood.



Tips for Homeowners

- Participate in the affairs of your community. Attend board meetings, social gatherings, annual meetings, and especially budget ratification meetings.
- Educate and inform yourself by thoroughly reading your HOA governing documents. These include the Declaration of Covenants (“CC&Rs”), the Bylaws, the Articles of Incorporation, the rules and regulations, and governance policies. For more information on these important documents, refer to the HOA Center’s HOA Forum from February 28, 2025 (“HOA Governing Documents 101”).
- Read and become familiar with the Colorado Common Interest Ownership Act (“CCIOA”).
- When expressing your point of view at meetings, be courteous and respectful to your neighbors (including the board members and manager). Adhere to your HOAs conduct of meetings policy.
- Remember that board members are your neighbors too. Often times, they are not paid and their efforts go unnoticed and under-appreciated.
- HOAs already suffer from negative public perception. Combat this through education and participation/engagement in your community.



If a homeowner believes the board is not acting in good faith...

- Talk to the board.
- Talk to the manager.
- Talk to your neighbors.
- Speak with an attorney. Consider engaging an attorney with a group of interested homeowners as a potential way to cut attorney fees.
- Call a special meeting of the owners. CCIOA sets forth special meeting protocol at section 38-33.3-308(1).
- Remove the board. CCIOA sets forth board member removal protocol at section 38-33.3-303(8).
- Refer the board to the HOA Center for information and resources about Colorado HOA law.

Tips for Board Members

- Communicate the need to increase assessments well in advance of the budget ratification (or “dues”) meeting. A reserve study may help in identifying the need to increase dues.
- Consider whether a special assessment is absolutely necessary, as opposed to obtaining a loan from the bank. Obtaining a loan may be viable if delinquencies in the community are low and if collateral (future assessments) can be pledged to the bank.
- Offer a structured payment plan - spread out over time - instead of demanding a full lump-sum payment immediately.



Homeowners Insurance - Affordability and Availability

- <https://doi.colorado.gov/homeowners-insurance-affordability-availability>
 - Presentation Recordings
 - Registration Links
 - Stakeholder Meetings
 - Toolkit for Homeowners and HOAs on Insurance
 - Check it out!



Stakeholder Meeting: December 2, 2025 @ 2PM MT - HOA and Lodging Facility Study HB24-1108

Zoom Registration Link:

[https://us06web.zoom.us/webinar/register/WN_uyOhBr5aQfG9QKm5Ey39
HA#/registration](https://us06web.zoom.us/webinar/register/WN_uyOhBr5aQfG9QKm5Ey39HA#/registration)



Thank You!

Contact Us

The HOA Information and Resource Center (The HOA Office)

A program of the Division of Real Estate

Email HOA questions to the HOA Office (dora_dre_hoainquiries@state.co.us)

1560 Broadway, Suite 925, Denver, CO 80202

Phone: 303-894-2166 | Toll Free: 800-886-7675



Questions?

