

Understanding Special Assessments

What Condo and HOA Owners Need to Know Before Buying or Selling

If you own a condo or live in a neighborhood with a homeowners association, you're probably used to paying monthly dues. Those fees typically cover landscaping, exterior maintenance, insurance and shared amenities.

But sometimes, those regular payments aren't enough.

That's when a special assessment may be issued — and it can catch homeowners off guard if they're not prepared.

WHY SPECIAL ASSESSMENTS HAPPEN

HOAs and condo associations are responsible for maintaining common areas and shared systems. This might include roofs, siding, elevators, parking lots, pools or clubhouses.

Ideally, associations collect dues and set aside money in a reserve fund for long-term repairs. But if reserves are underfunded — or if an unexpected expense arises — the board may vote to impose a special assessment.

Common reasons include:

- Major roof replacement
- Structural repairs
- Storm or water damage not fully covered by insurance
- Elevator upgrades
- Parking lot resurfacing



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Special assessments can range from a few hundred dollars to several thousand per unit, depending on the scope of the project.

Sometimes the amount is due in a lump sum. Other times, it's spread out over several months.

WHAT BUYERS SHOULD WATCH FOR

If you're buying a condo or HOA property, it's critical to review the association's financial statements and reserve

study before closing. These documents can reveal whether the community is financially stable — or likely to issue an assessment soon.

Ask questions such as:

- How much is currently in reserves?
- Are there any planned major projects?
- Has the association discussed a potential assessment?
- Are there past assessments still being paid off?

Even if no assessment is active, low reserves may signal

one is possible in the future.

For current owners, staying involved matters. Attend meetings, review budgets and vote on major projects when possible. Transparent boards typically communicate upcoming expenses well in advance.

If an assessment is issued, review the payment terms carefully. In some cases, unpaid assessments can lead to liens against your property — and even foreclosure if left unresolved.

Special assessments aren't necessarily a red flag. Sometimes they reflect proactive maintenance that protects property values over time.

But they do represent an added cost of ownership — one that buyers and homeowners should factor into their financial planning.

Understanding how and why special assessments occur can help you make informed decisions — and avoid unexpected financial strain.



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REAL ESTATE 101



HOMEWISE GLOSSARY

Monthly Dues Don't Cover Everything

Even if you pay regular HOA fees, you can still be charged a special assessment if major repairs or improvements exceed the association's reserve funds.

Special Assessment: A special assessment is an additional fee charged to homeowners — usually in a condo or HOA community — to cover unexpected repairs or major projects not included in the regular budget.

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