# Can a Special Assessment Be a Good Thing?

by Burke Nielsen | Sep 13, 2017


When you hear the word "special" you usually think of good things — special events, special features, special offers, special pricing, just to name a few. The word "special" generates feelings of anticipation and excitement. It's even used in the name of a popular cereal to make ordinary flakes seem… well, special. But when it comes to your HOA, there is one kind of special that nobody likes — the special assessment.

To homeowners, a special assessment means writing a big check to the HOA. To managers, it means having to deal with angry homeowners, increased scrutiny, and unrealistic expectations. The need for a special assessment may be a sign of poor planning, financial instability, or a lack of adequate insurance. Whatever the case, you can be sure there will be plenty of blame to go around.

But, what's the impact of a special assessment on a community association? Many think it's just another nail in the coffin of their failing HOA. While others see it as a necessary "bitter pill" that must be taken to get things back on track. The truth is, it depends on how you handle it.

### Don't Sugarcoat It

When delivering bad news, it's tempting to sugarcoat the news with empty promises. HOAs will often oversell the special assessment as a "fix-all" solution. Making claims that it will prevent future dues increases or improve resale value. Stick with the facts, speculation on outcomes can come back to haunt you.

Special assessments are usually intended to solve an immediate problem. Being upfront and honest about how the problem occurred, and what the special assessment will solve, can help to avoid misunderstanding and unrealistic expectations.

### Make a Plan

Let's be honest, with proper planning and preparation, most special assessments could be avoided. Be sure that you conduct a thorough analysis to determine what steps need to be taken to avoid special assessments in the future. By making a plan to be better prepared, you are fulfilling your fiduciary responsibility.

### A Special Assessment Can Be a Turning Point

Many HOAs find themselves riding the revenue roller coaster. This is where HOA dues increase in big spurts several years apart, rather than consistently and gradually over time. This pattern can lead to budget shortfalls. Special assessments are often implemented to make up for this shortfall in revenue. When this happens, it can be a good time to educate homeowners and start a new, financially stable pattern.

By honestly evaluating the situation and putting in place a long term plan, you can help your association get on track, and stay on track. It will set your HOA on a course to make this special assessment the last one.

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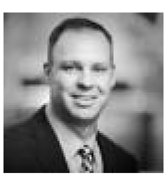
**ABOUT HE AUTHOR:**



Burke Nielsen
Founder and Account Manager at GoGladly

Burke is Gladly's top industry expert. After 12 years in portfolio management, Burke founded an HOA management firm, and has drawn from that experience to offer insider-level understanding to Gladly. One of Burke's rare charms is that he actually loves listening to your problems. His more traditional hobbies include camping, 4-wheeling, and spending time with his wife and 5 terrific kids, especially when he gets to nag them about homework (nag the kids, not his wife).

SOURCE: https://gogladly.com/blog/special-assessment/