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'THIS HAS BEEN A NIGHTMARE'

HOA special assessments batter state's homeowners

The bills — often to cover hail damage — are leading to lawsuits, neighborhood disputes, liens on homes

Translate



Beth Hayden, 62, an Air Force veteran, has owned her home in in the Peachwood subdivision in Aurora since 2001. She is now facing a $7,000 special assessment from her homeowners association that she says she cannot afford to pay. RJ Sangosti — The Denver Post

By Noelle Phillips

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The notice arrived in Beth Hayden's inbox in May.

Hayden, who has lived in her Peachwood townhome in Aurora since 2001, learned she was required to pay a $7,000 special assessment because every building in the community needed a new roof, and her homeowners association did not have enough cash on hand to cover the cost of its insurance company's deductible.

The email led Hayden to swear.

"What the (expletive)," she recalled thinking. "My second thought from then until now is the same: 'I don't have that money nor will I ever have that amount.' Who the heck has $7,000?"

For the 62-year-old Hayden, who retired early because of ongoing health problems, the special assessment likely will force her to sell her townhome and move to Indiana to live with her brother. She manages her finances on a strict budget and pays her mortgage, her $330 monthly HOA dues and utility bills on time. But she does not have much money left at the end of the month and said she cannot afford the $7,000 payment.

"If I get foreclosed and evicted, I don't want to see the things I've worked so hard for out on the sidewalk and people going through it," Hayden said. "I can't take that. I'm doing what I can, and I'm hoping the Lord will do his part. I've worked so hard for everything I own."

Hayden is facing the special assessment — a way for HOAs, condo associations and other common-interest property groups to collect money for unexpected expenses — because a destructive May 2024 hailstorm pounded roofs throughout her neighborhood.

Special assessments are not unusual, nor are they a new means for raising funds to replace roofs or repair swimming pools in these communities. However, the amounts that homeowners are being charged through these assessments are rising as insurance costs skyrocket in Colorado, according to homeowners, lawyers, insurance industry experts and housing advocates interviewed by The Denver Post.

Common-interest community leaders report that insurance policies for common areas and buildings are getting increasingly expensive and can strain or exceed reserves — if they can be purchased at all. Insurance rates are rising because of severe hailstorms and the threat of wildfires — extreme weather risks driven by climate change. Some insurers are pulling out of Colorado entirely rather than accept the risk.

Special assessments also are being impacted by the rising cost of construction. Lumber, asphalt shingles and other construction materials get more expensive every year as inflation continues to accelerate. The National Association of Home Builders reported that material prices nationally were up 5% in July over the previous year, and the year-over-year increase in costs was the highest since December 2022.

These special assessment fees, often in the thousands of dollars, can place financial hardship on homeowners, especially those who, like Hayden, do not carry the type of insurance policies for condos and townhomes that can help offset the costs.

They also cause tension between residents and those elected to serve on association boards, who must make the difficult decision to charge their neighbors extra money, and they create distrust between residents and outside management firms, which often are large, multi-state corporations, hired to oversee finances and maintenance on behalf of an elected board.

"It's a problem we're seeing throughout the country," said Bryan Farley, president of Association Reserves of Colorado, a consulting firm. "Every state is seeing this issue where there are homeowners associations and they don't have money. So what do we do?"

Community associations in Colorado have little oversight. There is no government body to resolve disputes between HOA boards and their members other than district judges.

Fights over special assessments often erupt, pitting neighbor against neighbor, as homeowners dispute fees or accuse board members of mismanagement. Often, one or two neighbors become legal sleuths as they pore over complex neighborhood covenants and HOA board bylaws, sending records requests via email to get a better look at budget ledgers.

In Hayden's community, which is in the Aurora Hills neighborhood on the northwest side of the city, some residents tried to overthrow the Peachwood Homeowners Association in a special recall election in October. Hayden said she stood outside the community's entrance with a sign asking neighbors to vote and witnessed one board member targeted by the recall offer his middle finger as he drove by.

But recall elections and obscene gestures are not the worst complications some Colorado homeowners face when hit with the unexpected debt of a special assessment.

'Messy and complicated'

At the Soaring Eagles Townhomes Association in Colorado Springs, a series of lawsuits between the board of directors, residents and the property management company has resulted in liens being placed on all 150 homes in the community — regardless of whether the homeowner paid their special assessment.

No one can sell their house or refinance their mortgage until the legal case is resolved.

"It's messy and complicated," said Robert Schifferdecker, a lawyer representing 25 of the Soaring Eagles homeowners.

Soaring Eagles was hit with a hailstorm in August 2024 that damaged the roofs and siding of every building in the neighborhood. A year later, the townhome association issued each homeowner a $20,700 special assessment — setting off the messy battle that has become a legal quagmire — to cover the deductible on a $3.6 million construction bill.

For Heather McBroom, it was a huge financial hit. She bought her home after the hailstorm but before the special assessment, so even though she had what's known as an HO-6 insurance policy, which is designed for condominiums and townhomes, it did not cover the deductible.

McBroom was on the hook for the full $20,700 and felt the board surely made a mistake.

"As homeowners, we have suffered," she said. "This has been a nightmare."

She dug into the details of the Soaring Eagles neighborhood covenants. They required the HOA board to buy an insurance policy with a $10,000 deductible. But Soaring Eagles' board bought one with a $3.2 million hail deductible, which one former board member said was the best policy they could find.

Many homeowners who held HO-6 policies were insured for just $10,000 on catastrophic losses such as hail because that is what the HOA's covenants dictated to their insurance companies, Schifferdecker said.

"When you go get an HO-6, most insurance brokers look at governing documents and tell you how much you need," he said. "When the $20,000 special assessment came, most of the community was underinsured."

McBroom, elected to the HOA board after the special assessment controversy flared, argued that the large deductible violated neighborhood covenants, making the whole thing illegal.

She drafted a letter, signed by other homeowners, saying as much. In response, the Soaring Eagles HOA board sued them, asking a judge to decide who was right.

That move triggered more lawsuits and counterclaims.

Kaylin Stepien, who served on the Soaring Eagles HOA board when the special assessment was levied, said the board made the right decisions on which insurance policy to buy, hiring the right contractor and charging the $20,700 assessment.

HOA boards struggle to find an affordable insurance policy, she said.

"Your main challenge is finding one, and you're kind of stuck with whatever is offered to you," Stepien said.

The policy in place in August 2024 was the best one available, she said.

The board feared its insurance rates would climb again, especially since the 2024 storm marked the association's third hail claim in a decade. But the roofs needed to be replaced, and homeowners had to help cover the cost, Stepien said.

"I was more concerned about how much this was going to affect our rates and, once we decided to do the claim, how we were going to do this as smoothly as possible and make this as painless as possible," Stepien said.

It turned into one of the stickier legal battles involving an HOA in Colorado.

The Soaring Eagles HOA board is now fighting RowCal, its former property management firm, in court, too.

RowCal, a Minnesota-based company that operates in nine states, also has a construction and maintenance arm. The management firm received bids to replace the Soaring Eagles roofs but accepted its sister company's bid, which was not the lowest offer, Schifferdecker said. Rowcal Construction charged Soaring Eagles $3.6 million.

"So essentially insurance paid $400,000 and the homeowners paid $3.2 million," Schifferdecker said. "That left all the homeowners holding that $3.2 million deductible in their hands. That was the special assessment that was roughly $20,700 per home."

Chris Sizemore, a spokesman for the company, sent The Post a statement saying RowCal could not comment on pending litigation involving Soaring Eagles. "RowCal cares deeply about communities and the people who call them home," the statement said.

Stepien defended the board's decision to hire RowCal's construction company, saying the company provided the best overall quality of work.

"It was phenomenal," she said. "They did a great job."

Kayleen Roebuck, president of the Soaring Eagles Townhomes Association board of directors, said RowCal's decision to place liens on every home has left the board and the community's residents in a bind.

"We hired RowCal as a professional management company to protect and manage our community," Roebuck wrote in a statement to The Post. "Instead, they broke their fiduciary obligations to us, turning what should have been a standard management partnership into a costly, high-stress conflict."

Multiple homeowners refused to pay the special assessment, arguing the board made an illegal decision. Others set up payment plans, which boards are required to offer under Colorado law. That meant the board could not immediately collect the full $3.2 million owed for the roof replacement, and it had an outstanding balance of $800,000.

In response, RowCal filed liens against every homeowner in Soaring Eagles — whether or not they had paid their special assessment. There is no path for individual homeowners to erase the liens until the legal dispute is resolved.

"What we have experienced from RowCal goes beyond a standard business disagreement. It has been a relentless campaign of corporate bullying," Roebuck wrote in her statement. "Because RowCal has vast financial resources and deep legal pockets compared to a neighborhood of everyday homeowners, their strategy has been clear from the start: leverage their wealth, drag out litigation and throw endless legal hurdles at us until our volunteer board runs out of money to fight back."

The Soaring Eagles HOA has spent about $80,000 on lawyers, Roebuck said.

The HOA filed for bankruptcy in July to prevent further financial damage, stop duplicate legal fees and resolve the financial disputes. The bankruptcy, which has since been dismissed, allowed the HOA to sever its contract with RowCal.

The liens filed by RowCal are causing hardships across the community, Roebuck said. Active-duty military members living in Soaring Eagles have orders to ship out, but their families are stuck because they can't sell or refinance their homes with "clouded titles," she said.

"We have retirees, families and homeowners on fixed incomes who have been forced to live with ongoing uncertainty about their homes and financial futures," Roebuck wrote. "People who have already paid substantial assessments in full are now facing the fear of additional litigation and potential foreclosure."

'Sad state of affairs'

At Brookstone Townhomes in Milliken, a battle over a special assessment has brewed since a 2025 hailstorm battered buildings and cars in the neighborhood.

The HOA signed a contract to replace the roofs on 129 units for $1.8 million, said Kim Coleman, who owns a Brookstone townhome. The HOA's insurance policy carried a 5% per-building deductible, but the deductible exceeded the damage on every building.

So the HOA billed homeowners $15,000 per unit to cover the roof replacement.

Coleman, who pays $275 per month in HOA dues, was livid over the assessment even though she had enough insurance coverage to pay it.

"The community is shocked," Coleman wrote in an email to The Post shortly after receiving the special assessment in November 2025. "People are scared. And the way it's unfolding raises serious questions about transparency, legality and abuse of power."

The special assessment charge appeared in homeowners' online payment portals before anyone had heard about it from the HOA board, she said. The payment was due Feb. 1, and many homeowners used autopay, meaning the assessment could be withdrawn automatically from their accounts whether or not they had that much money in the bank, she said.

Coleman has spent the past year demanding various contracts and budget documents from the board, looking for signs of financial mismanagement or evidence the board violated its own covenants and bylaws. She believes the board and its management company abused their authority and operated in secret, blindsiding residents with the $15,000 bills.

She complained about a lack of communication from the board and its property management company, 1 Way Community Management, in Greeley.

"I've done the math every which way," Coleman said. "I don't get where they got the $15,000 from."

Efforts to reach 1 Way Management were unsuccessful.

Cassidy Moore, a member of the Brookstone HOA board, said the board would not talk about the situation because it was still finalizing its insurance claim.

The HOA recently advised Brookstone homeowners to raise their HO-6 insurance policies to cover up to $25,000 on loss deductibles. Coleman raised hers to $50,000 because the cost of living keeps increasing in Colorado and she assumes damage from another hailstorm would be even more expensive to repair.

"Why be insured at that point? It's a sad state of affairs," she said.

At Peachwood, the roofs had been replaced in 2021 because they were aging, said Valerie Jenkins, another resident and Hayden's neighbor.

No one reported roof damage to the townhome owners after the May 30, 2024, hailstorm, Jenkins said. When the special assessment came in May, some people had even forgotten about that hailstorm two years prior, she said.

"They say it's catastrophic roof damage, but no one's roof leaked," Jenkins said.

Communication between the HOA board, the management firm and residents is poor, Hayden said.

"It's really frustrating to all of us that we can't get any answers," she said. "It's like pulling hen's teeth to get any information. You can't talk to them on the phone. You email, and they don't email you back."

Efforts to reach representatives of Goodwin & Company, the Texas-based firm that manages the Peachwood Homeowners Association, were unsuccessful, as were efforts to reach the board president, who resigned in September.

"Life is much easier without an HOA. It's just you and the bank and your utilities," Jenkins said. "There's not an extra hand in your pocket just taking. They give you a false sense of security."

Driving the problem

In the worst-case scenarios for homeowners, HOAs can place liens on people's homes for unpaid fees and fines, then foreclose if the homeowners don't pay up. That means homes are sold at foreclosure auctions, stripping equity from owners who still hold mortgages on houses or condos they no longer own.

That's what Hayden fears the most, saying one board member threatened as much when Hayden tried to explain that she didn't have the money to pay her assessment.

Zach Neumann, chief executive officer of the Denver-based Community Economic Defense Project, said his organization routinely receives calls from distressed homeowners who cannot afford large special assessments. Neumann did not have data on

how many calls for help his nonprofit has received but said anecdotally that most special assessment debt is caused by insurance claims after hailstorms.

"There's legitimate disagreement on whether these things are necessary," Neumann said.

The pressure point for most people seeking help is the short timeframe to make the payment. Homeowners can delay repair bills on things that break inside, but when an HOA hands down a special assessment, those bills are due quickly.

Clients also are suspicious of outside, for-profit management firms that don't always seek the true lowest bids on major repairs, he said. Management companies also can convince boards to inflate the costs of special assessments so they can sock away more money into reserve accounts, he said. They need to keep cash on the books and show large reserve funds to lower the financial risks for the company and the community.

"Their interest isn't the interest of the homeowner," Neumann said. "Their interest is in the HOA and the community, and those interests diverge in a lot of ways."

Then there's the weather.

Hailstorms are the biggest driver for Colorado's rising cost of property insurance, according to the Colorado Division of Insurance. Colorado home insurance premiums have doubled since 2020 and are up 55% since 2023 largely because of those risks.

Amy Bach, executive director of United Policyholders, a consumer advocacy group, said the problem is finding master policies for associations as insurance companies switch from traditional underwriting and decision-making to tech-based tools that create risk models and scores. They also look at claim histories, the age of properties and whether they have past property damage.

"It's a reflection of weaknesses in the insurance industry. It's a reflection that the products may not even be available for the HOA to have enough coverage," Bach said. "It's not the fault of the HOA. It's the realities of the insurance market today."

She recommends HOA boards work with insurance agents who specialize in condos and other common-interest communities.

The insurance market for condominiums is struggling in Colorado, said Carole Walker, executive director of the Rocky Mountain Insurance Institute.

The insurance industry is less willing to insure communities where HOA boards have not charged enough in monthly dues to take care of aging properties and the HOA's reserve funds are short on cash, she said. Walker also agreed that wildfire and hail risk is leading companies to shy away in Colorado.

"Do you have inexperienced volunteer boards that aren't taking care of maintenance? Think if you are the insurance company and if there are things that aren't being taken care of," she said.

Advice for homeowners

Everyone interviewed by The Post for this story said communication between boards and homeowners is crucial.

"Communication is one of the biggest issues we hear at the HOA center," said David Donnelly, director of Colorado's HOA Information and Resource Center.

Boards need to convey the reasons for special assessments and, even better, warn homeowners when they might be coming. For example, if a boiler that heats a building is on its last legs, the board should tell homeowners about it before raising monthly dues to pay for the repair.

"Have an open conversation so it doesn't come as a surprise to unit owners when larger costs hit them," Donnelly said.

The HOA Information Center collects complaints about HOAs across the state. But it does not have the power to enforce laws or mediate disputes.

There are no state laws or regulations that govern special assessments in Colorado. They are up to individual boards to decide, based on neighborhood covenants and bylaws.

"The default in the state of Colorado is a special assessment falls within a budgetary issue and it falls to the board or a unit-owner vote," Donnelly said.

However, boards are required to offer payment plans under state law.

The minimum payment plan allows homeowners to pay $25 per month over 18 months, but the homeowner owes the balance of the special assessment at the end of those 18 months. Boards and homeowners can reach agreements to extend payment plans, Donnelly said.

Roebuck, the board president for Soaring Eagles, said payment plans catch HOAs in "an impossible trap."

Contractors are under no legal obligation to wait 18 months to be paid. But if the HOA is waiting to collect funds from homeowners over 18 months, it may not have enough cash in reserves to pay the balance before then. And that gives contractors the right to put liens on the properties, which is what happened at Soaring Eagles.

"The legal system simply doesn't protect volunteer-led communities from being squeezed on both sides," Roebuck said.

A minimum payment plan would not help Hayden, the Peachwood townhome owner in Aurora. If she paid $25 a month for 18 months, she would still owe $6,550 at the end of that period. She said she cannot afford that.

Individuals also should make sure they have an HO-6 policy, and that it's up to date and fits with the HOA's master insurance plan, Walker said. Work with an insurance broker to understand what that policy covers for wind, hail or fire damage. However, it won't help offset special assessments to repair broken elevators and swimming pools, she said.

Farley, who heads the consulting firm, said HOA boards need to shore up their reserves to save for major repairs. Proper planning that accounts for aging infrastructure and increases in construction costs can help stave off large special assessments, he said.

"One of our goals is avoiding special assessments," Farley said. "Special assessments are unfair and inequitable."

Schifferdecker, the lawyer, recommends that people attend their HOA board meetings and even run for a seat so they can be directly involved.

And Stepien, the former Soaring Eagles board member, encourages homeowners to pay attention to emails and regular mail sent by their HOA or management company. If people in Soaring Eagles had read their mail, more would have known how much their HO-6 policy needed to cover, she said.

She also asked for grace for those voluntarily serving on HOA boards.

"All I ask is for people to be a little more respectful to the boards because we are human, too," she said. "We are trying to make the best decisions for the whole community. But get your policy. Just get your policy."

But it's too late for Hayden to be spared.

"I don't have $7,000 in my life," she said. "At all."

So she is talking to real estate agents about selling her townhome and figuring out how to use the proceeds to pay her special assessment. The ideal situation, she said, would be for a buyer to agree to cover that cost.

Hayden hates to leave Colorado, but the state is increasingly more expensive to live in. The special assessment was the final straw.

"I'm ready to be done with it all," she said. "It's too much stress on me. Mentally, I can't take this."