BEFORE YOU RAISE ASSESSMENTS

A budget-season financial opportunity check for HOAs, condos & management companies

What else should we examine before asking owners for more?

Aim-Hi Enterprises

The pressure is coming from every direction.

Boards are trying to protect the community without pricing owners out - while managers are being asked to explain, absorb and execute more.

#1

Residents' top concern: dues increasing faster than income.

CINC 2026 State of the Industry

91%

of community associations reported insurance premium increases.

CAI / FCAR Insurance Trends

15%

Fannie Mae Full Review reserve minimum begins Jan. 4, 2027 (up from 10%).

Fannie Mae LL-2026-03

Rising insurance + reserve pressure + aging assets + owner affordability = a much harder budget conversation.

A balanced budget is not automatically the strongest financial plan.

The usual question:

“How much more do we need?”

Add one question before it:

“What are we missing, losing, overpaying for, or failing to recover?”

RECOVER	money already owed or available
PROTECT	coverage, claims, reserves & cash
REDIRECT	dollars that can work harder
STOP LOSING	leakage, scope creep & unchecked increases

Important: one-time recoveries should not be used to paper over recurring underfunding.

What is driving the shortfall?

Before choosing the funding source, isolate the actual problem.

INSURANCE

Premium spikes, deductibles, coverage changes, loss history

RESERVES

Higher funding expectations, aging components, inspection mandates

MAINTENANCE

Deferred work, inflation, emergency repairs, project overruns

COLLECTIONS

Delinquency, bad debt, cash timing, inconsistent follow-through

VENDORS

Automatic renewals, escalators, duplicate/low-value services

AFFORDABILITY

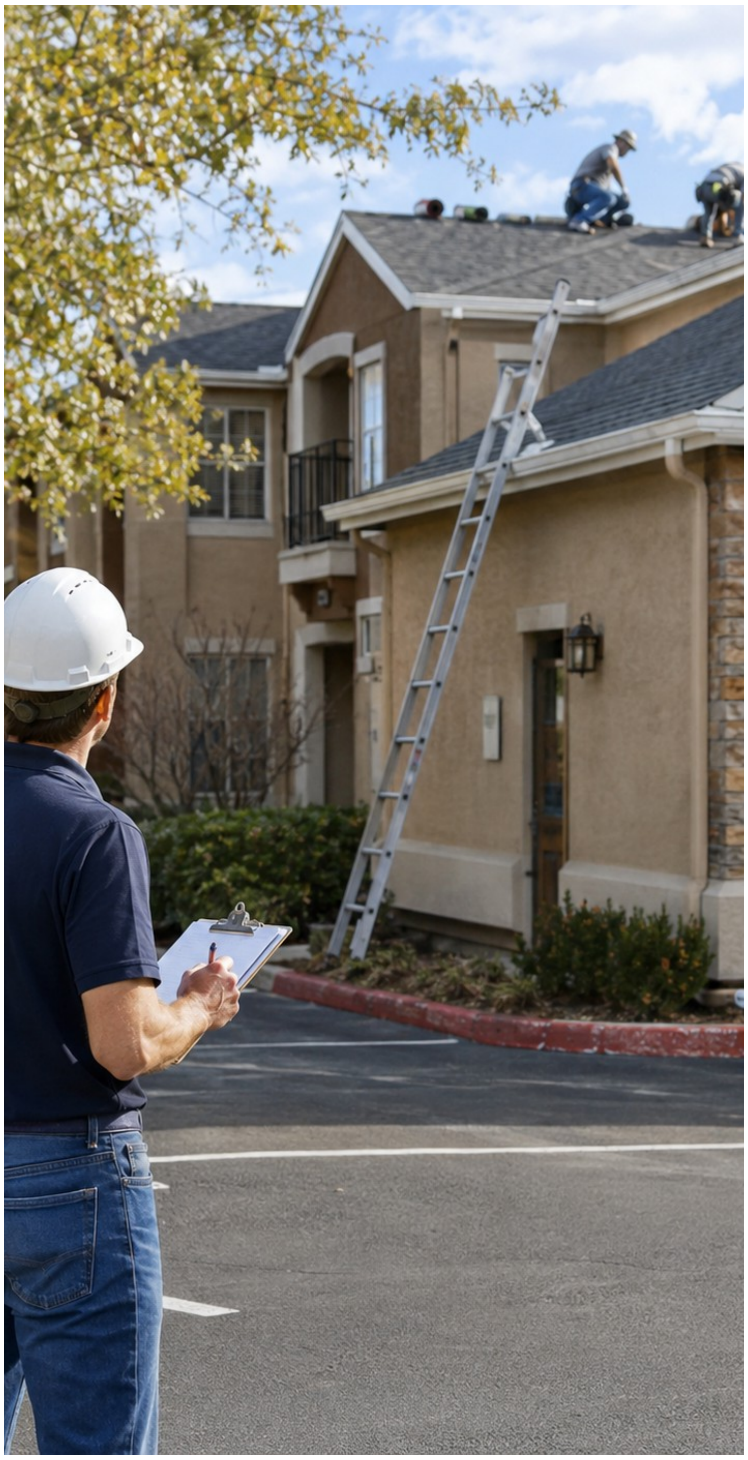
Owners want transparency and proof that increases are necessary

Solve the cause - not just the math.

CAI warns that reactive budgeting can lead to underfunded reserves, deferred repairs and sudden assessment increases.

ASSOCIATION CHECK #1

Don’t just budget the insurance increase. Manage it.



- Start the renewal conversation several months out - not at expiration.
- Review limits, deductibles, exclusions, valuations and lender requirements.
- Understand loss history and what is driving the premium.
- Ask whether claims are being handled, documented and pursued appropriately.
- Connect covered losses to repair/project planning instead of treating them as separate conversations.
- Use an experienced community-association insurance professional for the actual coverage decision.

91% reported premium increases; 17% reported increases above 100%.

Sources: CAI/FCAR Insurance Coverage Trends; CAI insurance-bidding guidance

ASSOCIATION CHECK #2

Shortfalls are usually connected to more than one line item.

COLLECTIONS + RESERVES

- Delinquency trends vs. actual cash collections
- Realistic bad-debt assumptions
- Current reserve study vs. actual planned work
- Deferred maintenance that will cost more later

PROJECTS + RECOVERIES

- Project scope, phasing, bids and oversight
- Insurance or third-party recovery possibilities
- Unclaimed property / settlement eligibility when applicable
- Cash/treasury structure and whether funds are working appropriately

A special assessment may still be the responsible answer.

But CAI itself recognizes reserves, borrowing, insurance, third-party recovery, regular assessments and special assessments as potential capital-project funding tools. The point is to review the full toolbox first.

Source: CAI Capital Projects guidance

What is quietly leaking out of the budget?

UNQUESTIONED RENEWALS	Contract escalators or vendor increases simply rolled forward
RECURRING SPEND	Services that changed, overlap, or no longer deliver the same value
CASH DRAG	Funds that may be sitting in the wrong place or earning less than expected
MISSING RECOVERY	Claims, reimbursements, settlements or unclaimed property never pursued
BAD ASSUMPTIONS	One-time costs accidentally becoming “normal” next year
CLASSIFICATION GAPS	Operating vs. reserve treatment that does not match the real obligation

Not every increase is avoidable. Not every increase should go unchallenged.

Your clients' budget season should trigger a review of your own economics, too.

- Management agreement escalators, addenda and renewal terms
- Additional billables, reimbursables and scope creep actually captured
- Client cost-to-serve and portfolio profitability
- Payroll / HR structure and benefits costs
- Eligible payroll-tax, tax-credit, recovery and unclaimed-property opportunities
- Commercial insurance and claims review
- Employee retention, burnout and the cost of replacing managers
- Software/vendor spend and whether technology is actually creating ROI

You can grow revenue and still lose margin.

FCAR: 62% cite manager hiring/retention pressure; 54% wage inflation; 44% pricing pressure

THE LOW-EFFORT SCREEN

Some opportunities can be screened before anyone commits to a big project.

Depending on eligibility and the specialist involved, some reviews are success-based, contingency-based, or require little/no upfront spend. That does NOT mean every Association or company will qualify or save money.

Insurance review

Coverage, renewal strategy, claims / loss history

Recovery screening

Class-action / third-party recovery when eligible

Unclaimed property

Search for funds already belonging to the entity

Contract / revenue leakage

What should be billed, reimbursed or challenged?

Payroll + benefits

Management-company savings / retention opportunities when eligible

Tax-credit screening

Only where facts support eligibility

Screen first. Substantiate second. Budget only what is real.

Build the opportunity check into the normal budget calendar.

AUG	GATHER	Actuals • reserve study • insurance • contracts • projects • delinquency • known changes
SEP	CHALLENGE	Insurance/claims • vendor increases • collections • project assumptions • recovery screens
OCT	MODEL	Base / conservative / higher-cost scenarios • recurring vs. one-time dollars • funding choices
NOV	DECIDE	Board review • substantiation • renewals • project strategy • communication plan
DEC	IMPLEMENT	Adopt budget • owner communication • execute approved changes • carry follow-ups into Q1

10 questions to stress-test the budget.

1. What changed - and why?
2. Which increases are truly unavoidable vs. simply unchallenged?
3. What are we not billing, collecting or recovering?
4. Could any prior or planned spend be covered or recovered elsewhere?
5. Is insurance being reviewed early enough before renewal?
6. Do collections assumptions match reality?
7. Do reserves and known capital needs align?
8. What are we deferring that will cost more later?
9. What is Management absorbing outside the intended scope?
10. Have we exhausted reasonable alternatives before asking owners for more?

Better questions usually produce a better budget.

WHAT THIS DOES NOT MEAN

The goal is not to avoid necessary funding. It is to make sure the funding decision is complete.

- Do NOT underfund reserves to keep dues artificially low.
- Do NOT defer necessary maintenance because a recovery might appear.
- Do NOT count contingent money in the operating budget before it is substantiated.
- Do NOT use one-time recoveries to support recurring expenses.
- Do NOT replace the Board, manager, CPA, attorney, reserve specialist or insurance professional with a "savings idea."

Use additional opportunities to strengthen responsible planning - not substitute for it.

Sources: CAI Built to Last; CAI Rising Costs; Fannie Mae LL-2026-03

BEFORE THE BUDGET IS FINAL…

Look for what the numbers aren’t showing you yet.

I help community association leaders and businesses look for overlooked financial opportunities, leakage, and practical ways to improve cash flow, profitability and retention - then connect the right specialist when deeper expertise is needed.

Want a second set of eyes on where to look?

Aim-Hi Enterprises

www.aimhienterprises.com

Hidden Value. Better Cash Flow. Stronger Businesses.

Research used in this guide

- Community Associations Institute / HOAresources: Rising costs & budget transparency (Aug. 2026)
- Foundation for Community Association Research: Built to Last (2026)
- Foundation / CAI: Insurance Coverage Trends (2025)
- Fannie Mae Lender Letter LL-2026-03 (Mar. 2026)
- Foundation: Management Company Benchmarking Trends (Oct. 2025)
- CINC Systems: 2026 State of the Industry Report