First Regular Session Seventy-first General Assembly STATE OF COLORADO

CORRECTED REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction

LLS NO. 17-0969.01 Duane Gall x4335

HOUSE BILL 17-1279

HOUSE SPONSORSHIP

Garnett and Saine, Wist, Duran

SENATE SPONSORSHIP

Tate and Guzman, Williams A., Hill

State, Veterans, & Military Affairs

A BILL FOR AN ACT

| 101 | CONCERNING THE REQUIREMENT THAT A UNIT OWNERS' ASSOCIATION |
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| 102 | OBTAIN APPROVAL THROUGH A VOTE OF UNIT OWNERS BEFORE |
| 103 | FILING A CONSTRUCTION DEFECT ACTION. |

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill requires that, before the executive board of a unit owners' association (HOA) in a common interest community brings suit against a developer or builder on behalf of unit owners, the board must:

! Notify all unit owners and the developer or builder against whom the lawsuit is being considered;

HOUSE srd Reading Unamended April 24, 2017

HOUSE Amended 2nd Reading April 21, 2017

Shading denotes HOUSE amendment. <u>Double underlining denotes SENATE amendment.</u>

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

- ! Call a meeting at which the executive board and the developer or builder will have an opportunity to present relevant facts and arguments; and
- ! Obtain the approval of a majority of the unit owners after giving them detailed disclosures about the lawsuit and its potential costs and benefits.

1 Be it enacted by the General Assembly of the State of Colorado: 2 **SECTION 1.** In Colorado Revised Statutes, 38-33.3-303.5, 3 amend (1); repeal (2); and add (4) as follows: 4 38-33.3-303.5. Construction defect actions - disclosure -5 approval by unit owners - definitions - exemptions. (1) (a) In the event 6 BEFORE the executive board, pursuant to section 38-33.3-302 (1)(d), 7 institutes an A CONSTRUCTION DEFECT action, asserting defects in the 8 construction of five or more units, the provisions of this section shall 9 apply. For purposes of this section, "action" shall have the same meaning

- (b) the executive board shall substantially comply with the provisions of this section.
- (b) FOR THE PURPOSES OF THIS SECTION ONLY:

as set forth in section 13-20-803 (1), C.R.S.

14 (I) "CONSTRUCTION DEFECT ACTION":

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(A) MEANS ANY CIVIL ACTION OR ARBITRATION PROCEEDING FOR DAMAGES, INDEMNITY, SUBROGATION, OR CONTRIBUTION BROUGHT AGAINST A CONSTRUCTION PROFESSIONAL TO ASSERT A CLAIM, COUNTERCLAIM, CROSS-CLAIM, OR THIRD-PARTY CLAIM FOR DAMAGES OR LOSS TO, OR THE LOSS OF USE OF, REAL OR PERSONAL PROPERTY OR PERSONAL INJURY CAUSED BY A DEFECT IN THE DESIGN OR CONSTRUCTION OF AN IMPROVEMENT TO REAL PROPERTY, REGARDLESS OF THE THEORY OF LIABILITY; AND

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| 1 | (B) INCLUDES ANY RELATED, ANCILLARY, OR DERIVATIVE CLAIM, |
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| 2 | AND ANY CLAIM FOR BREACH OF FIDUCIARY DUTY OR AN ACT OR OMISSION |
| 3 | OF A MEMBER OF AN ASSOCIATION'S EXECUTIVE BOARD, THAT ARISES |
| 4 | FROM AN ALLEGED CONSTRUCTION DEFECT OR THAT SEEKS THE SAME OR |
| 5 | SIMILAR DAMAGES. |
| 6 | (II) "CONSTRUCTION PROFESSIONAL" HAS THE MEANING SET FORTH |
| 7 | IN SECTION 13-20-802.5 (4). |
| 8 | (c) Meeting to consider commencement of construction defect |
| 9 | action - disclosures - required terms. (I) The executive board shall |
| 10 | MAIL OR DELIVER WRITTEN NOTICE OF THE ANTICIPATED COMMENCEMENT |
| 11 | OF THE CONSTRUCTION DEFECT ACTION TO EACH UNIT OWNER AT THE |
| 12 | OWNER'S LAST-KNOWN ADDRESS DESCRIBED IN THE ASSOCIATION'S |
| 13 | RECORDS AND TO THE LAST-KNOWN ADDRESS OF EACH CONSTRUCTION |
| 14 | PROFESSIONAL AGAINST WHOM A CONSTRUCTION DEFECT ACTION IS |
| 15 | PROPOSED; EXCEPT THAT THIS NOTICE REQUIREMENT DOES NOT APPLY TO: |
| 16 | (A) CONSTRUCTION PROFESSIONALS IDENTIFIED AFTER THE NOTICE |
| 17 | IS MAILED; OR |
| 18 | (B) JOINED PARTIES IN A CONSTRUCTION DEFECT ACTION |
| 19 | PREVIOUSLY APPROVED BY OWNERS PURSUANT TO SUBSECTION (1)(d) OF |
| 20 | THIS SECTION. |
| 21 | (II) THE NOTICE GIVEN PURSUANT TO THIS SUBSECTION (1)(c) |
| 22 | MUST CALL A MEETING OF THE UNIT OWNERS, WHICH MUST BE HELD NO |
| 23 | LESS THAN TEN DAYS AND NO MORE THAN FIFTEEN DAYS AFTER THE |
| 24 | MAILING DATE OF THE NOTICE, TO CONSIDER WHETHER TO BRING A |
| 25 | CONSTRUCTION DEFECT ACTION. A FAILURE TO HOLD THE MEETING WITHIN |
| 26 | THIS TIME PERIOD VOIDS THE SUBSEQUENT VOTE. A QUORUM IS NOT |
| 27 | REQUIRED AT THE MEETING. IN NO EVENT SHALL THE TIME PERIOD FOR |

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| 1 | PROVIDING THE NOTICE REQUIRED PURSUANT TO SUBSECTION (1)(c)(1) OF |
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| 2 | THIS SECTION, HOLDING THE MEETING REQUIRED PURSUANT TO THIS |
| 3 | SUBSECTION (1)(c)(II), AND VOTING AS REQUIRED BY SUBSECTION (1)(d) |
| 4 | OF THIS SECTION EXCEED NINETY DAYS. THE NOTICE MUST STATE THAT: |
| 5 | (A) THE CONCLUSION OF THE MEETING INITIATES THE VOTING |
| 6 | PERIOD, DURING WHICH THE ASSOCIATION WILL ACCEPT VOTES FOR AND |
| 7 | AGAINST PROCEEDING WITH THE CONSTRUCTION DEFECT ACTION. |
| 8 | THE DISCLOSURE AND VOTING PERIOD SHALL END NINETY DAYS AFTER THE |
| 9 | MAILING DATE OF THE MEETING NOTICE OR WHEN THE ASSOCIATION |
| 10 | DETERMINES THAT THE CONSTRUCTION DEFECT ACTION IS EITHER |
| 11 | APPROVED OR DISAPPROVED, WHICHEVER OCCURS FIRST. |
| 12 | (B) THE CONSTRUCTION PROFESSIONAL AGAINST WHOM THE |
| 13 | CONSTRUCTION DEFECT ACTION IS PROPOSED WILL BE INVITED TO ATTEND |
| 14 | AND WILL HAVE AN OPPORTUNITY TO ADDRESS THE UNIT OWNERS |
| 15 | CONCERNING THE ALLEGED CONSTRUCTION DEFECT; AND |
| 16 | (C) THE PRESENTATION AT THE MEETING BY THE CONSTRUCTION |
| 17 | PROFESSIONAL OR THE CONSTRUCTION PROFESSIONAL'S DESIGNEE OR |
| 18 | DESIGNEES MAY, BUT IS NOT REQUIRED TO, INCLUDE AN OFFER TO REMEDY |
| 19 | ANY DEFECT IN ACCORDANCE WITH SECTION 13-20-803.5 (3) OF THE |
| 20 | "CONSTRUCTION DEFECT ACTION REFORM ACT". |
| 21 | (III) THE NOTICE GIVEN PURSUANT TO THIS SUBSECTION (1)(c) |
| 22 | MUST ALSO CONTAIN A DESCRIPTION OF THE NATURE OF THE |
| 23 | CONSTRUCTION DEFECT ACTION, WHICH DESCRIPTION IDENTIFIES ALLEGED |
| 24 | DEFECTS WITH REASONABLE SPECIFICITY, THE RELIEF SOUGHT, A |
| 25 | GOOD-FAITH ESTIMATE OF THE BENEFITS AND RISKS INVOLVED, AND ANY |
| 26 | OTHER PERTINENT INFORMATION. THE NOTICE SHALL ALSO INCLUDE THE |
| 27 | FOLLOWING DISCLOSURES: |

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| 1 | 1. The alleged construction defects might |
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| 2 | RESULT IN INCREASED COSTS TO THE ASSOCIATION IN |
| 3 | MAINTENANCE OR REPAIR OR CAUSE AN INCREASE IN |
| 4 | ASSESSMENTS OR SPECIAL ASSESSMENTS TO COVER THE |
| 5 | COST OF REPAIRS. |
| 6 | 2. If the association does not file a claim |
| 7 | BEFORE THE APPLICABLE LEGAL DEADLINES, THE CLAIM |
| 8 | WILL EXPIRE. |
| 9 | 3. Until the alleged defects are repaired, |
| 10 | SELLERS OF UNITS WITHIN THE COMMON INTEREST |
| 11 | COMMUNITY MIGHT OWE UNIT BUYERS A DUTY TO DISCLOSE |
| 12 | KNOWN DEFECTS. |
| 13 | 4. The executive board (intends to enter) (has |
| 14 | ENTERED) INTO A FEE ARRANGEMENT WITH THE ATTORNEYS |
| 15 | REPRESENTING THE ASSOCIATION, UNDER WHICH (THE |
| 16 | ATTORNEYS WILL BE PAID A CONTINGENCY FEE EQUAL TO |
| 17 | PERCENT OF THE (NET) (GROSS) RECOVERY OF THE |
| 18 | AMOUNT THE ASSOCIATION RECOVERS FROM THE |
| 19 | DEFENDANT(S)) (THE ASSOCIATION'S ATTORNEYS WILL BE |
| 20 | PAID (AN HOURLY FEE OF \$) (A FIXED FEE OF |
| 21 | \$)). |
| 22 | 5. IN ADDITION TO ATTORNEY FEES, THE |
| 23 | ASSOCIATION MAY INCUR UP TO \$ FOR LEGAL |
| 24 | COSTS, INCLUDING EXPERT WITNESSES, DEPOSITIONS, AND |
| 25 | FILING FEES. THE AMOUNT WILL NOT BE EXCEEDED |
| 26 | WITHOUT THE EXECUTIVE BOARD'S FURTHER WRITTEN |
| 27 | AUTHORITY. IF THE ASSOCIATION DOES NOT PREVAIL ON ITS |

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| 1 | CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE FOR PAYING |
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| 2 | THESE LEGAL EXPENSES. |
| 3 | 6. IF THE ASSOCIATION DOES NOT PREVAIL ON ITS |
| 4 | CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE FOR PAYING |
| 5 | ITS ATTORNEY FEES. |
| 6 | 7. IF THE ASSOCIATION DOES NOT PREVAIL ON ITS |
| 7 | CLAIM, A COURT OR ARBITRATOR SOMETIMES AWARDS |
| 8 | COSTS AND ATTORNEY FEES TO THE OPPOSING PARTY. |
| 9 | SHOULD THAT HAPPEN IN THIS CASE, THE ASSOCIATION MAY |
| 10 | BE RESPONSIBLE FOR PAYING THE OPPOSING PARTY'S COSTS |
| 11 | AND FEES AS A RESULT OF SUCH AWARD. |
| 12 | 8. THERE IS NO GUARANTEE THAT THE ASSOCIATION |
| 13 | WILL RECOVER ENOUGH FUNDS TO REPAIR THE CLAIMED |
| 14 | CONSTRUCTION DEFECT(S). IF THE CLAIMED DEFECTS ARE |
| 15 | NOT REPAIRED, ADDITIONAL DAMAGE TO PROPERTY AND A |
| 16 | REDUCTION IN THE USEFUL LIFE OF THE COMMON ELEMENTS |
| 17 | MIGHT OCCUR. |
| 18 | 9. Until the claimed construction defects are |
| 19 | REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT CLAIM IS |
| 20 | CONCLUDED, THE MARKET VALUE OF THE UNITS IN THE |
| 21 | ASSOCIATION MIGHT BE ADVERSELY AFFECTED. |
| 22 | 10. Until the claimed construction defect(s) |
| 23 | ARE REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT(S) |
| 24 | CLAIM IS CONCLUDED, OWNERS IN THE ASSOCIATION MIGHT |
| 25 | HAVE DIFFICULTY REFINANCING AND PROSPECTIVE BUYERS |
| 26 | MIGHT HAVE DIFFICULTY OBTAINING FINANCING. IN |
| 27 | ADDITION, CERTAIN FEDERAL UNDERWRITING STANDARDS |

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| 1 | OR REGULATIONS PREVENT REFINANCING OR OBTAINING A |
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| 2 | NEW LOAN IN PROJECTS WHERE A CONSTRUCTION DEFECT IS |
| 3 | CLAIMED, AND CERTAIN LENDERS AS A MATTER OF POLICY |
| 4 | WILL NOT REFINANCE OR PROVIDE A NEW LOAN IN PROJECTS |
| 5 | WHERE A CONSTRUCTION DEFECT IS CLAIMED. |
| 6 | (IV) THE ASSOCIATION SHALL MAINTAIN A VERIFIED OWNER |
| 7 | MAILING LIST THAT IDENTIFIES THE OWNERS TO WHOM THE ASSOCIATION |
| 8 | MAILED THE NOTICE REQUIRED PURSUANT TO THIS SUBSECTION (1)(c). THE |
| 9 | VERIFIED OWNER MAILING LIST SHALL INCLUDE, FOR EACH OWNER, THE |
| 10 | ADDRESS, IF ANY, TO WHICH THE ASSOCIATION MAILED THE NOTICE |
| 11 | REQUIRED PURSUANT TO THIS SUBSECTION (1)(c). THE ASSOCIATION SHALL |
| 12 | PROVIDE A COPY OF THE VERIFIED OWNER MAILING LIST TO EACH |
| 13 | CONSTRUCTION PROFESSIONAL WHO IS SENT A NOTICE PURSUANT TO THIS |
| 14 | SUBSECTION $(1)(c)$ AT THE OWNER MEETING REQUIRED UNDER SUBSECTION |
| 15 | (1)(c)(II) OF THIS SECTION. THE OWNER MAILING LIST SHALL BE DEEMED |
| 16 | VERIFIED IF A SPECIMEN COPY OF THE MAILING LIST IS CERTIFIED BY AN |
| 17 | ASSOCIATION OFFICER OR AGENT. IF THE ASSOCIATION COMMENCES A |
| 18 | CONSTRUCTION DEFECT ACTION AGAINST ANY CONSTRUCTION |
| 19 | PROFESSIONAL, THE ASSOCIATION SHALL FILE ITS VERIFIED OWNER |
| 20 | MAILING LIST AND RECORDS OF VOTES RECEIVED FROM OWNERS DURING |
| 21 | THE VOTING PERIOD WITH THE APPROPRIATE FORUM UNDER SEAL. |
| 22 | (V) THE SUBSTANCE OF A PROPOSED CONSTRUCTION DEFECT |
| 23 | ACTION MAY BE AMENDED OR SUPPLEMENTED AFTER THE MEETING, BUT |
| 24 | AN AMENDED OR SUPPLEMENTED CLAIM DOES NOT EXTEND THE VOTING |
| 25 | PERIOD. THE EXECUTIVE BOARD SHALL GIVE NOTICE TO UNIT OWNERS OF |
| 26 | ANY AMENDED OR SUPPLEMENTED CLAIM AND SHALL MAINTAIN RECORDS |
| 27 | OF ITS COMMUNICATIONS WITH UNIT OWNERS. OWNER APPROVAL |

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| 1 | PURSUANT TO SUBSECTION (1)(d) OF THIS SECTION IS NOT REQUIRED FOR |
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| 2 | AMENDMENTS OR SUPPLEMENTS TO A CONSTRUCTION DEFECT ACTION |
| 3 | MADE AFTER THE NOTICE PURSUANT TO THIS SUBSECTION (1)(c) IS SENT. |
| 4 | (d) Approval by unit owners - procedures. |
| 5 | (I) (A) NOTWITHSTANDING ANY PROVISION OF LAW OR ANY |
| 6 | REQUIREMENT IN THE GOVERNING DOCUMENTS, THE EXECUTIVE BOARD |
| 7 | MAY INITIATE THE CONSTRUCTION DEFECT ACTION ONLY IF AUTHORIZED |
| 8 | WITHIN THE VOTING PERIOD BY OWNERS OF UNITS TO WHICH A MAJORITY |
| 9 | OF VOTES IN THE ASSOCIATION ARE ALLOCATED. SUCH APPROVAL IS NOT |
| 10 | REQUIRED FOR AN ASSOCIATION TO PROCEED WITH A CONSTRUCTION |
| 11 | DEFECT ACTION IF THE ALLEGED CONSTRUCTION DEFECT PERTAINS TO A |
| 12 | FACILITY THAT IS INTENDED AND USED FOR NONRESIDENTIAL PURPOSES |
| 13 | AND IF THE COST TO REPAIR THE ALLEGED DEFECT DOES NOT EXCEED FIFTY |
| 14 | THOUSAND DOLLARS. SUCH APPROVAL IS NOT REQUIRED FOR AN |
| 15 | ASSOCIATION TO PROCEED WITH A CONSTRUCTION DEFECT ACTION WHEN |
| 16 | THE ASSOCIATION IS THE CONTRACTING PARTY FOR THE PERFORMANCE OF |
| 17 | LABOR OR PURCHASE OF SERVICES OR MATERIALS. |
| 18 | (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN |
| 19 | OWNER'S VOTE SHALL BE SUBMITTED ONLY ONCE AND MAY BE OBTAINED |
| 20 | IN ANY WRITTEN FORMAT CONFIRMING THE OWNER'S VOTE TO APPROVE OR |
| 21 | REJECT THE PROPOSED CONSTRUCTION DEFECT ACTION. THE ASSOCIATION |
| 22 | SHALL MAINTAIN A RECORD OF ALL VOTES UNTIL THE CONCLUSION OF THE |
| 23 | CONSTRUCTION DEFECT ACTION, INCLUDING ALL APPEALS, IF ANY. |
| 24 | (II) (A) NOTHING IN THIS SECTION ALTERS THE TOLLING |
| 25 | PROVISIONS OF SECTION 13-20-805. |
| 26 | (B) ALL STATUTES OF LIMITATION AND REPOSE APPLICABLE TO |
| 27 | CLAIMS BASED ON DEFECTS DESCRIBED WITH DEASONABLE SDECIFICITY IN |

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| 1 | THE NOTICE, WHICH MAY BE SUPPLEMENTED OR AMENDED PURSUANT TO |
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| 2 | SUBSECTION $(1)(c)(IV)$ OF THIS SECTION, ARE TOLLED FROM THE DATE THE |
| 3 | NOTICE SENT PURSUANT TO SUBSECTION (1)(c) OF THIS SECTION IS MAILED |
| 4 | UNTIL EITHER THE NINETY-DAY VOTING AND DISCLOSURE PERIOD ENDS OR |
| 5 | UNTIL THE ASSOCIATION DETERMINES THAT THE CONSTRUCTION DEFECT |
| 6 | ACTION IS EITHER APPROVED OR DISAPPROVED, WHICHEVER OCCURS FIRST. |
| 7 | (C) THE APPLICABLE STATUTES OF LIMITATION AND REPOSE THAT |
| 8 | APPLY TO CLAIMS BASED ON A DEFECT DESCRIBED IN THE NOTICE WITH |
| 9 | REASONABLE SPECIFICITY ARE TOLLED PURSUANT TO THIS SUBSECTION |
| 10 | (1)(d)(II) ONCE, AND MAY NOT EXTEND THE STATUTES OF LIMITATION AND |
| 11 | REPOSE THAT APPLY TO CLAIMS BASED ON THAT DEFECT FOR MORE THAN |
| 12 | A TOTAL OF NINETY DAYS, RESPECTIVELY. IF A DEFECT NOT INCLUDED IN |
| 13 | THE NOTICE SENT PURSUANT TO SUBSECTION (1)(c) OF THIS SECTION IS THE |
| 14 | SUBJECT OF A LATER VOTE, TOLLING PURSUANT TO THIS SUBSECTION (1)(d) |
| 15 | APPLIES UNLESS THE CLAIM BASED ON THAT DEFECT IS OTHERWISE BARRED |
| 16 | BY THE STATUTE OF LIMITATIONS OR STATUTE OF REPOSE. |
| 17 | (III) Vote count - exclusions. For purposes of calculating |
| 18 | THE REQUIRED MAJORITY VOTE UNDER THIS SUBSECTION $(1)(d)$ ONLY, THE |
| 19 | FOLLOWING VOTES ARE EXCLUDED: |
| 20 | (A) ANY VOTES ALLOCATED TO UNITS OWNED BY A DEVELOPMENT |
| 21 | PARTY. AS USED IN THIS SUBSECTION (1)(d)(III)(A), "DEVELOPMENT |
| 22 | PARTY" MEANS A CONTRACTOR, SUBCONTRACTOR, DEVELOPER, OR |
| 23 | BUILDER RESPONSIBLE FOR ANY PART OF THE DESIGN, CONSTRUCTION, OR |
| 24 | REPAIR OF ANY PORTION OF THE COMMON INTEREST COMMUNITY AND ANY |
| 25 | OF THAT PARTY'S AFFILIATES; AND "AFFILIATE" INCLUDES AN ENTITY |
| 26 | CONTROLLED OR OWNED, IN WHOLE OR IN PART, BY ANY PERSON THAT |
| 27 | CONTROLS OR OWNS A DEVELOPMENT PARTY OR BY THE SPOUSE OF A |

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| 1 | DEVELOPMENT PARTY. |
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| 2 | (B) ANY VOTES ALLOCATED TO UNITS OWNED BY BANKING |
| 3 | INSTITUTIONS, UNLESS A VOTE FROM SUCH AN INSTITUTION IS ACTUALLY |
| 4 | RECEIVED BY THE ASSOCIATION; |
| 5 | (C) ANY VOTES ALLOCATED TO UNITS OF A PRODUCT TYPE IN |
| 6 | WHICH NO DEFECTS ARE ALLEGED, IN A COMMON INTEREST COMMUNITY |
| 7 | WHOSE DECLARATION PROVIDES THAT COMMON EXPENSE LIABILITIES ARE |
| 8 | NOT SHARED BETWEEN THE PRODUCT TYPES. |
| 9 | (D) ANY VOTES ALLOCATED TO UNITS OWNED BY OWNERS WHO |
| 10 | ARE DEEMED NONRESPONSIVE. IF THE STATUS OF THE NONRESPONSIVE |
| 11 | UNIT OWNERS IS CHALLENGED IN COURT, THE COURT SHALL CONSIDER |
| 12 | WHETHER THE EXECUTIVE BOARD HAS MADE DILIGENT EFFORTS TO |
| 13 | CONTACT THE UNIT OWNER REGARDING THE VOTE AND MAY CONSIDER: |
| 14 | WHETHER A MAILING WAS RETURNED AS UNDELIVERABLE; WHETHER THE |
| 15 | OWNER APPEARS TO BE RESIDING AT THE UNIT; AND WHETHER THE |
| 16 | ASSOCIATION HAS USED OTHER CONTACT INFORMATION, SUCH AS AN |
| 17 | ELECTRONIC MAIL ADDRESS OR TELEPHONE NUMBER FOR THE OWNER. |
| 18 | (e) Notice to construction professional. AT LEAST FIVE |
| 19 | BUSINESS DAYS BEFORE THE MAILING OF THE NOTICE REQUIRED BY |
| 20 | SUBSECTION (1)(c) OF THIS SECTION, THE ASSOCIATION SHALL NOTIFY |
| 21 | EACH CONSTRUCTION PROFESSIONAL AGAINST WHOM A CONSTRUCTION |
| 22 | DEFECT ACTION IS PROPOSED BY MAIL, AT ITS LAST-KNOWN ADDRESS, OF |
| 23 | THE DATE AND TIME OF THE MEETING CALLED TO CONSIDER THE |
| 24 | CONSTRUCTION DEFECT ACTION PURSUANT TO SUBSECTION $(1)(c)$ OF THIS |
| 25 | SECTION. |
| 26 | (2) (a) Prior to the service of the summons and complaint on any |
| 27 | defendant with respect to an action governed by this section, the |

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| 1 | executive board shall mail or deliver written notice of the commencement |
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| 2 | or anticipated commencement of such action to each unit owner at the last |
| 3 | known address described in the association's records. |
| 4 | (b) The notice required by paragraph (a) of this subsection (2) |
| 5 | shall state a general description of the following: |
| 6 | (I) The nature of the action and the relief sought; and |
| 7 | (II) The expenses and fees that the executive board anticipates |
| 8 | will be incurred in prosecuting the action. |
| 9 | (4) Provisions not severable. NOTWITHSTANDING SECTION |
| 10 | 2-4-204, THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES |
| 11 | THAT IF ANY PROVISION OF THIS SECTION OR ITS APPLICATION TO ANY |
| 12 | PERSON OR CIRCUMSTANCE IS HELD INVALID, THE ENTIRE SECTION SHALL |
| 13 | BE DEEMED INVALID. |
| 14 | SECTION 2. In Colorado Revised Statutes, 38-33.3-117, add |
| 15 | (1.9) as follows: |
| 16 | |
| 17 | 38-33.3-117. Applicability to preexisting common interest |
| 18 | communities. (1.9) Notwithstanding any other provision of LAW, |
| 19 | SECTION 38-33.3-303.5 APPLIES TO ALL COMMON INTEREST COMMUNITIES |
| 20 | CREATED WITHIN THIS STATE ON, BEFORE, OR AFTER JULY 1, 1992, WITH |
| 21 | RESPECT TO EVENTS AND CIRCUMSTANCES OCCURRING ON OR AFTER |
| 22 | SEPTEMBER 1, 2017. |
| 23 | SECTION 3. Applicability. This act applies to construction |
| 24 | defect actions filed on or after the effective date of this act. |
| 25 | SECTION 4. Safety clause. The general assembly hereby finds, |
| 26 | determines, and declares that this act is necessary for the immediate |
| 27 | preservation of the public peace, health, and safety. |

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