



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 5, 2024)

Drafting Number:	LLS 24-0170	Date:	April 12, 2024
Prime Sponsors:	Rep. Jodeh; Bacon Sen. Coleman	Bill Status:	Senate Local Govt. & Housing
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Bill Topic: REAL PROPERTY OWNER UNIT ASSOCIATION COLLECTIONS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill modifies rules concerning the collection of delinquent payments and associated costs from an HOA unit owner and establishes a redemption process for foreclosed units. It minimally increases state and local revenue and expenditures beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Summary of Legislation

The bill modifies rules concerning the collection of delinquent payments and other costs by a home owner association (HOA) from a unit owner, and establishes a redemption process for foreclosed units.

Reimbursement. Current law allows an HOA to request reimbursement from a unit owner for actual costs and attorney fees incurred in certain situations without commencing a legal proceeding. The bill modifies the reimbursement amount that an HOA can require for attorney fees to:

- the lesser of \$5,000 or 50 percent of delinquent assessments and money owed, and
- the lesser or \$5,000 or 50 percent of costs incurred as a result of a unit owner's failure to comply with HOA bylaws.

In the case of civil action, the bill limits the amount that a court can award an HOA for actual costs and attorney fees to the same 50 percent threshold.

Foreclosure. Upon nonpayment of an assessment, current law grants an HOA a lien on a unit in the amount owed by the unit owner. Before foreclosing the lien, the bill requires an HOA to:

- obtain a personal judgement against the unit owner to collect the amounts due;
- attempt to bring a civil action against the unit owner unless prevented by death or inability to serve within 180 days; or
- file a bankruptcy petition against the unit owner.

Additionally, the bill outlines a mediation process available to the unit owner prior to litigation. An HOA is prohibited from foreclosing a lien if the delinquent unit owner is in compliance with a repayment plan for outstanding collections.

Redemption. The bill establishes a redemption process for unit owners or other alternative lien holders to reclaim property within 180 days following unit foreclosure.

The bill creates a new civil cause of action for persons to file suit against anyone who improperly certifies or records a property redemption deed or affidavit.

State Revenue

Starting in FY 2024-25, the bill may minimally increase revenue to the Judicial Department from an increase in civil case filings fees to the extent that unit owners challenge HOAs for violating new provisions, or persons wrongfully file property redemption documents. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases workload in DORA and the Judicial Department beginning in FY 2024-25, as described below.

Department of Regulatory Agencies. The HOA Information and Resource Center in the Department of Regulatory Agencies serves as a resource for consumers to understand rights and responsibilities under current law. The center also registers common interest communities like HOAs and other housing cooperatives, tracks complaints, and notifies HOAs of statutory changes. Workload may increase for the center to respond to questions from HOAs and residents. This workload is expected to be minimal and no change in appropriations is required.

Judicial Department. Similar to the State Revenue section above, trial courts in the Judicial Department may experience an increase in workload to the extent additional civil cases are filed under the bill. The fiscal note assumes that HOAs and foreclosure purchasers will comply with the law and any increase will be minimal.

Local Government

Starting in FY 2024-25, revenue and workload for the county clerk and recorder's office will minimally increase to file foreclosure documents, deed transfers, and affidavits under the bill. Additionally, the Denver County Court may experience a minimal revenue and workload increase to the extent additional civil cases are filed with the city and county courts.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to debts accrued on or after the bill's effective date.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).