

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 25-0200.02 Chelsea Princell x4335

HOUSE BILL 25-1123

HOUSE SPONSORSHIP

Ricks and Joseph,

SENATE SPONSORSHIP

(None),

House Committees
Judiciary

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING ALTERNATIVE DISPUTE RESOLUTION FOR DISPUTES THAT**
102 **ARISE BETWEEN A UNIT OWNER AND A UNIT OWNERS'**
103 **ASSOCIATION.**

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>.)

Under current law, common interest communities are encouraged to use mediation prior to filing a complaint with the court. The bill requires a dispute between a unit owner and a unit owners' association to go through an internal dispute resolution process and mediation before the parties can file a complaint with the court. If the parties are unable to

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
Amended 2nd Reading
April 3, 2025

reach a mediation agreement, the bill allows the parties to undergo arbitration or commence a legal proceeding.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **repeal and reenact,**
3 **with amendments,** 38-33.3-124 as follows:

4 **38-33.3-124. Mandatory alternative dispute resolution -**
5 **purpose - legislative declaration - definitions.** (1) THE GENERAL
6 ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THIS SECTION IS TO
7 PROVIDE AN EFFICIENT, FAIR, AND COST-EFFECTIVE PROCESS FOR
8 RESOLVING DISPUTES BETWEEN A UNIT OWNER AND A UNIT OWNERS'
9 ASSOCIATION, WHILE PRESERVING THE INTEGRITY OF COMMUNITY
10 RELATIONS AND MINIMIZING THE BURDEN ON THE JUDICIAL SYSTEM.

11 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
12 REQUIRES:

13 (a) "DISPUTE" MEANS ANY CONFLICT, CONTROVERSY, OR
14 DISAGREEMENT BETWEEN A UNIT OWNER AND A UNIT OWNERS'
15 ASSOCIATION.

16 (b) "MEDIATION" HAS THE SAME MEANING AS SET FORTH IN
17 SECTION 13-22-302.

18 (3) A DISPUTE BETWEEN A UNIT OWNER AND A UNIT OWNERS'
19 ASSOCIATION MUST UNDERGO AN INFORMAL NEGOTIATION PURSUANT TO
20 SUBSECTION (4) OF THIS SECTION AND, IF UNSUCCESSFUL, MEDIATION
21 AFTER FILING A LAWSUIT UNLESS MEDIATION HAS ALREADY BEEN
22 ATTEMPTED.

23 (4) (a) IN THE EVENT OF A DISPUTE, EITHER PARTY MAY REQUEST
24 AN INFORMAL NEGOTIATION TO RESOLVE THE DISPUTE.

25 (b) AFTER A PARTY REQUESTS AN INFORMAL NEGOTIATION, THE

1 UNIT OWNERS' ASSOCIATION SHALL SUBMIT A WRITTEN NOTICE TO THE
2 UNIT OWNER. THE WRITTEN NOTICE MUST INCLUDE:

3 (I) A BRIEF DESCRIPTION OF THE DISPUTE BETWEEN THE PARTIES;

4 (II) A REQUIREMENT THAT THE UNIT OWNER MEET WITH THE UNIT
5 OWNERS' ASSOCIATION WITHIN SIXTY DAYS OF RECEIVING THE NOTICE;
6 AND

7 (III) A COPY OF THIS SECTION.

8 (c) SERVICE OF THE NOTICE DESCRIBED IN SUBSECTION (4)(b) OF
9 THIS SECTION MUST BE MADE BY CERTIFIED MAIL, RETURN RECEIPT
10 REQUESTED.

11 (d) THE INFORMAL NEGOTIATION DESCRIBED IN THIS SUBSECTION
12 (4) MUST TAKE PLACE AT A REGULARLY SCHEDULED UNIT OWNERS'
13 ASSOCIATION BOARD MEETING IN EXECUTIVE SESSION, OR, IF THERE IS NOT
14 A MEETING SCHEDULED WITHIN SIXTY DAYS FOLLOWING DELIVERY OF THE
15 WRITTEN NOTICE, AT A SPECIAL UNIT OWNERS' ASSOCIATION BOARD
16 MEETING IN EXECUTIVE SESSION DURING THAT SIXTY-DAY PERIOD TO
17 INFORMALLY NEGOTIATE A RESOLUTION OF THE DISPUTE.
18 COMMUNICATIONS DURING THE UNIT OWNERS' ASSOCIATION BOARD
19 MEETING DURING THE INFORMAL NEGOTIATION ARE CONFIDENTIAL AND
20 PROTECTED COMMUNICATIONS CONSISTENT WITH RULE 408 OF THE
21 COLORADO RULES OF EVIDENCE AND SECTION 13-22-307. THE PORTION OF
22 THE UNIT OWNERS' ASSOCIATION BOARD MEETING IN WHICH AN INFORMAL
23 NEGOTIATION TAKES PLACE MUST BE CLOSED TO ANYONE WHO IS NOT A
24 PARTY TO THE DISPUTE THAT IS THE SUBJECT OF THE INFORMAL
25 NEGOTIATION.

26 (e) FOR DISPUTES GOVERNED BY THE DISPUTE RESOLUTION
27 PROCESS DESCRIBED IN SECTION 38-33.3-209.5 (1.7), THE INFORMAL

1 NEGOTIATION MUST TAKE PLACE PURSUANT TO THE PROCESS DESCRIBED
2 IN SECTION 38-33.3-209.5 (1.7) PRIOR TO FILING A COMPLAINT IN COURT.

3 (f) A PROVISION OF AN AGREEMENT ENTERED INTO BETWEEN THE
4 PARTIES THAT RESOLVES THE DISPUTE IS NOT A WAIVER OF A COVENANT
5 OR ENFORCEMENT RIGHT BY THE ASSOCIATION IN ANOTHER MATTER.

6 (g) EITHER PARTY MAY BE REPRESENTED BY AN ATTORNEY AT THE
7 INFORMAL NEGOTIATION AT THE PARTY'S OWN EXPENSE.

8 (5) (a) IN THE EVENT THAT THE DISPUTE IS NOT RESOLVED
9 THROUGH INFORMAL NEGOTIATION AS REQUIRED IN SUBSECTION (4) OF
10 THIS SECTION, EITHER PARTY MAY FILE A COMPLAINT IN A COURT OF
11 COMPETENT JURISDICTION. ONCE A COMPLAINT IS FILED, BUT BEFORE AN
12 ANSWER OR OTHER RESPONSIVE MOTION IS FILED, THE COURT SHALL
13 ORDER MEDIATION UNLESS THE PARTIES HAVE ATTEMPTED VOLUNTARY
14 MEDIATION ON ISSUES IDENTIFIED IN THE COMPLAINT WITHIN NINETY DAYS
15 PRIOR TO THE DATE THE COMPLAINT IS FILED. THE COST OF MEDIATION
16 MUST BE EQUALLY SHARED BY THE PARTIES.

17 (b) THIS SUBSECTION (5) DOES NOT PRECLUDE THE PARTIES FROM
18 VOLUNTARILY TAKING PART IN MEDIATION BEFORE FILING WITH A COURT
19 OF COMPETENT JURISDICTION IF THE PARTIES ARE UNABLE TO REACH A
20 RESOLUTION THROUGH AN INFORMAL NEGOTIATION PURSUANT TO
21 SUBSECTION (4) OF THIS SECTION.

22 (6) THIS SECTION DOES NOT APPLY TO A DISPUTE INVOLVING A
23 REASONABLE THREAT OF IMMEDIATE INJURY, HARM, OR DAMAGE TO A
24 PERSON OR PROPERTY.

25 (7) A UNIT OWNERS' ASSOCIATION SHALL ANNUALLY PROVIDE A
26 COPY OF THIS SECTION TO EACH OF ITS UNIT OWNERS.

27 (8) A UNIT OWNERS' ASSOCIATION MUST UPDATE THE

1 ASSOCIATION'S WRITTEN POLICIES TO COMPLY WITH THE REQUIREMENTS
2 OF THIS SECTION AND PROVIDE A COPY OF THE UPDATED WRITTEN POLICY
3 TO ITS UNIT OWNERS WITHIN FOURTEEN DAYS AFTER UPDATING THE
4 WRITTEN POLICIES.

5 **SECTION 2. Safety clause.** The general assembly finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, or safety or for appropriations for
8 the support and maintenance of the departments of the state and state
9 institutions.