

**THE PROBLEM:** Over 60% of Coloradans are currently living under some form of HOA. Current count puts the number of communities at 7,747 comprising a staggering 856,203 units and housing an estimated 3,462,000 Coloradans. This large number of HOAs brings with it a sizable number of HOAs that do not effectively fulfill their duties. These problematic HOAs have become a major source of concern for Colorado homeowners, with roughly 1,500 complaints reported annually to the HOA Information and Resource Center ("HIRC").

**THE BILL:** This bill is a product of two years' worth of stakeholder meetings involving homeowners, HOA managers, real estate attorneys and HOA board members. It makes changes to the Colorado Common Interest Ownership Act (CCIOA) with the purpose of increasing transparency, communication, and encouraging the resolution of disputes through mediation:

**DOCUMENTS**

- HOA must make available a list of current fees chargeable upon the sale of a home in the community.
- Penalizes an HOA \$50 per day if access to association records is unduly withheld beyond 30 calendar days after a request was submitted by certified mail
- Allows disclosure of documents via mobile device when available
- Requires the latest minutes of a meeting to be disclosed to a buyer prior to sale

**FINANCE**

- 2\* • Requires a reserve study at least every 5 years and adjust the HOA's finances accordingly at least annually (there are de minimus exemptions pursuant to Section 38-33.2-303 19 (2.7)(b))
- \* • Requires the HOA to give notice of any damage has occurred to common property that may result in a future assessment against unit owners
- \* • A buyer can request an inspection of common elements prior to sale

**ADMINISTRATION**

- Allows unit owners to place items on a meeting agenda by petition, to record any portion of an open meeting, and to invite a registered parliamentarian to observe executive board elections
- Limits the use of proxies by requiring express delegation of a unit owner's voting rights in a signed, dated writing
- \* • Requires new members of an HOA's executive board to complete a free, online basic training course offered or approved by the HIRC (approx. 2.5 hours of training videos)
- Requires any contested vacancy on the executive board occurring more than 60 days before the next board election to be filled by a special election; uncontested vacancies can be appointed by the board

**DISPUTE RESOLUTION**

- Allows the creation of an HOA ombudsperson to assist with vetting/investigating complaints submitted to the HIRC and provide legal options to resolve disputes (cost will be between \$1-2 per unit per year)
- Requires any dispute between an HOA and a unit owner to be submitted to mediation prior to the commencement of any legal proceeding. An HOA's acceptance of a settlement proposed by the mediator does not preclude an HOA from enforcing covenants or rules in future.
- HIRC will maintain a list of qualified mediators and select mediators by random draw.
- The division may give educational grants to new mediators who want to specialize in HOA cases
- If a board is considering a lawsuit against a unit owner, any proposed action must be approved by vote by the community.

**APPEARANCE**

- Prohibits the closing off or limited use of common elements, except for a finite period of time with advance notice to unit owners and a stated reason for the closure
- Prohibits selective scheduling of maintenance on common elements to immediately benefit certain units in preference over others
- Allows display of political signs 45 days before first mail-in ballots are sent to voters during election season
- Includes artificial turf among the types of drought-tolerant landscaping materials that the HOA may regulate but not prohibit (applies to backyards only)
- Allows installation of renewable energy generation devices (e.g., solar panels) subject to reasonable aesthetic guidelines