

Date: February 12, 2025

Subject: Urgent Opposition to HB25-1123 – Demand for HOA Reform & New Legislation

TO: Colorado Rep. Naquetta Ricks, Sen. Tony Exum, Rep. Junie Joseph

CC: Attorney General Pamela Jo Bondi

CC: Patrick Johansen, President of HOA Reform Leaders

Via email

Dear Representative Ricks, Senator Exum, and Representative Joseph,

We are writing to strongly oppose HB25-1123, which mandates paid mediation for HOA disputes. This bill exacerbates the financial and legal hardships of Colorado homeowners while failing to address the root causes of HOA abuse. Instead of forcing homeowners into costly, non-binding mediation, we urge the drafting of a new bill that enforces HOA laws, holds board members and attorneys accountable, and prevents systemic legal abuse.

Why HB25-1123 Fails Homeowners

The fundamental flaw in Colorado's HOA system is the lack of attorney accountability in drafting HOA governing documents. Current laws allow these documents to be written without requiring an attorney's signature, meaning no legal professional is held responsible for predatory clauses and loopholes. As a result:

- HOA boards operate without transparency or oversight.
- Management companies prioritize profit over community well-being.
- Insurance companies deny legitimate claims while HOA attorneys protect them.
- HOA attorneys draft documents that strip homeowners of rights while maximizing legal fees.

Homeowners seeking help from DORA (Colorado's Division of Regulatory Agencies) are merely referred back to these flawed governing documents. Even when fraud and corruption are evident, homeowners often lose in court because they are told they "agreed" to these documents upon purchasing their home.

Case Study: Legal Abuse in Action

Our experience with Greenstone HOA and attorneys Peter Dauster (Johnson Muffly & Dauster PC) and William (Bill) Short (Altitude Community Law, retained by State Farm Insurance Company) exemplifies this issue. We have spent nearly \$30,000 in legal fees

without even reaching court—all because of governing documents intentionally designed with loopholes that ensure homeowners lose every time.

Attorney Peter Dauster's Updated and Amended CC&Rs included ambiguous language that:

- Covered up past, ongoing, and future violations.
- Eliminated essential board accountability.
- Stripped homeowners of their rights and legal standing.

When we raised concerns at an HOA meeting, Mr. Dauster dismissively responded:

"You are not attorneys, and you do not know anything."

This highlights why attorney accountability must be a legal requirement in drafting HOA documents.

Why HB25-1123 is the Wrong Solution

HB25-1123 forces homeowners into an expensive and ineffective mediation process that benefits HOAs and their attorneys. Key issues include:

- Homeowners must pay half of mediation costs, in addition to legal fees.
 - HOA board members face no financial risk, as they use HOA funds and insurance to cover their costs.
 - Mediation decisions are not legally enforceable without going to court, **making the process a waste of time and money.**
 - HOA attorneys use mediation to intimidate homeowners, knowing their threats cannot be used as evidence in court.
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A Better Solution: Establishing a State HOA Office & Legal Accountability

Rather than forcing homeowners into a broken system, we need a new bill that:

- Creates a **State HOA Office** under the Consumer Protection Division of the Attorney General's Office to enforce HOA laws.
- Requires attorneys to sign and be held legally accountable for HOA governing documents.

- Holds individual board members accountable for knowingly violating the law— instead of punishing innocent homeowners.
- Prohibits attorneys affiliated with the **Community Associations Institute (CAI)** from drafting HOA-related legislation due to their conflict of interest.

The Role of the Community Associations Institute (CAI) in HOA Corruption

CAI lobbies for laws that benefit HOA attorneys, management companies, and vendors while leaving homeowners powerless. Any attorney drafting HOA legislation must not be affiliated with CAI, as they repeatedly manipulate bills to protect HOA industry profits rather than homeowner rights.

Conclusion: We Need Real HOA Reform, Not HB25-1123

Mandatory mediation will not fix systemic HOA abuse. Instead, we urge you to:

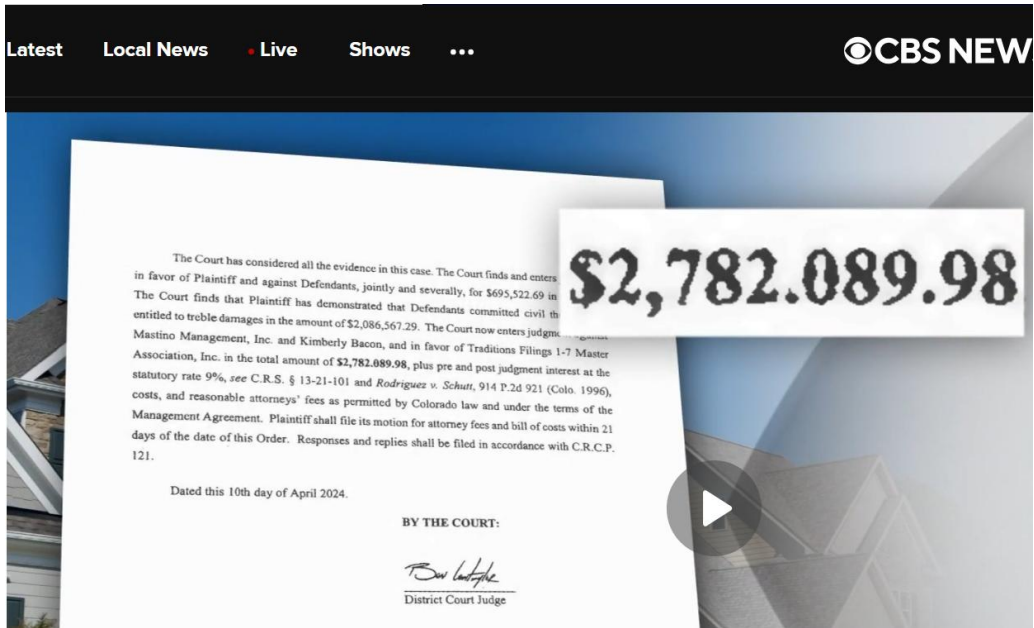
1. **Oppose HB25-1123.**
2. **Draft and support a new bill that:**
 - Establishes a State HOA Office.
 - Enforces legal accountability for HOA boards and attorneys.
 - Prevents HOA attorneys from exploiting homeowners.

A **State HOA Office** would resolve HOA issues efficiently and at minimal cost. HOAs—not taxpayers—would fully fund this office. This approach as outlined in our [#2 Proposed Legislation](#) would also reduce the burden on courts and ensure faster, fairer, and legally sound resolutions for homeowners.

Additional Supporting Evidence for New HOA Reform Legislation

To further illustrate why HB25-1123 is flawed and must be replaced, we provide the following examples:

1. **CBS News Colorado Investigation** (February 7, 2025): Exposed an HOA management company that stole hundreds of thousands of dollars, rebranded, and continued operations with impunity. [Link to investigation](#)



2. **Attorney David Graf's Post (CAI-affiliated)** on LinkedIn: Defends the broken HOA dispute resolution system that benefits attorneys and management companies while leaving homeowners powerless. [Link to post](#)



David Graf • 3rd+
Owner, Moeller Graf, PC
2mo • 🌐

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Reform, ADR, Part 23. "This [dispute resolution process] will immediately make Colorado and HOA laws highly effective, reduce HO complaints, and save HO and HOAs tens of millions of legal costs." That is a lot of promises. It will make the laws highly effective? Sure, having a state officer make a decision will presumably end the dispute. But it also means that one person, who was (probably) not elected by his or her neighbors, be able to dictate policy for everyone. And the vast majority of the disputes that I get involved with are not whether something is legal or isn't legal—they involve matters of discretion being exercised. I don't see one person's vision being elevated above everyone else's by a state government agent creating a situation where the laws are now "highly effective."

Where I do see obvious value is in two situations: 1. The board is clearly violating the law. A lot of people think a lot of things are violations of law but I find that a number of those situations are matters of discretion. But to the extent that there is a violation of law, it needs to end quickly. 2. Reserve funding. If a state officer could order an increased assessment to cover expenses and override a governing document assessment limitation, that could be very helpful. I couldn't count on my fingers and toes how many meetings I've been to where it was explained that insurance went up 250% and water costs went up 8% and the owners vote against a 4% assessment increase. But this could more effectively be handled with a reserve study and funding bill.

3. **Nextdoor Posts:** Homeowners share personal experiences of financial loss, legal bullying, and deliberate obfuscation by HOA attorneys and board members.



K.L. King · Greenstone · 8h · Edited



Susan Your post attempts to frame the HOA issue as a flaw of capitalism, but what we are seeing with HOAs and management companies is not capitalism at work—it's a predatory system operating under the guise of capitalism, fueled by lack of transparency, accountability, and legal oversight.

The real culprit behind this problem is the network of special interests—HOA boards, management companies, attorneys, insurers, and vendors—who manipulate the system for their own financial gain while homeowners suffer. The recent CBS News Colorado investigation exposes how an HOA management company stole hundreds of thousands of dollars, rebranded, and continued operating with impunity. This is not a failure of capitalism but a deliberate abuse of power enabled by a system designed to protect fraud rather than homeowners : [https://www.cbsnews.com/colorado/news/colorado-hoa-management-company-stole-hundreds-thousands-dollars-new-group/?fbclid=IwY2xjawlYNsIleHRuA2FlbQIxMAABHXL8Wujr1Btyfb6WKpYS6_PSHhk42-](https://www.cbsnews.com/colorado/news/colorado-hoa-management-company-stole-hundreds-thousands-dollars-new-group/?fbclid=IwY2xjawlYNsIleHRuA2FlbQIxMAABHXL8Wujr1Btyfb6WKpYS6_PSHhk42-1SRhvyCbA0d7GzFlcE5uzWFJ1rQ_aem_zTu1HiK4DZSd6gMk9AvfbA)

[1SRhvyCbA0d7GzFlcE5uzWFJ1rQ_aem_zTu1HiK4DZSd6gMk9AvfbA](https://www.cbsnews.com/colorado/news/colorado-hoa-management-company-stole-hundreds-thousands-dollars-new-group/?fbclid=IwY2xjawlYNsIleHRuA2FlbQIxMAABHXL8Wujr1Btyfb6WKpYS6_PSHhk42-1SRhvyCbA0d7GzFlcE5uzWFJ1rQ_aem_zTu1HiK4DZSd6gMk9AvfbA)
Attorney David Graf, a well-known figure in the Community Associations Institute (CAI), recently posted on LinkedIn:

https://www.linkedin.com/posts/david-graf-7976b08_reform-adr-part-23-this-dispute-resolution-activity-7265347125985587201-iTIN/ about HOA dispute resolution, carefully framing the conversation to minimize the real harm inflicted on homeowners. This is part of a broader pattern:

- ✓ Deny the reality of the fraud
- ✓ Distort facts to downplay homeowner losses
- ✓ Shift blame onto the victims

The truth is that HOA governance operates more like a dictatorship than a capitalist system. Capitalism is based on earning through competition, not stealing through legal loopholes and smooth talk. Homeowners are being exploited by:

- HOA boards that operate with zero meaningful oversight
- Management companies that prioritize profit over community well-being
- Insurance companies that deny legitimate claims to protect their bottom line
- Attorneys who rig governing documents to strip homeowners of their rights

This is not a free-market system—it is an engineered system of legal exploitation that thrives on deception. Homeowners deserve accountability, not another sugar-coated excuse for fraud.





Kerrie Lapoente · Enchantment Ridge · 7h



K.L. Your efforts are truly appreciated. It was an eye opening experience for our neighborhood to have lost thousands of dollars to an unscrupulous property management company and when Kelli's changed how much and when payments are made for the HOA, not to mention online meetings only, my spidey senses went into overdrive. While I understand that costs have gone up over the years, implementing these changes put unnecessary burden on a neighborhood still reeling from the aftermath of their recent loss.

Thank you again for your diligence and sharing information on this thread, it has been very informative.



K.L. King · Greenstone · 7h



Kerrie Thank you! Four years ago, I knew nothing about the predatory system that homeowners have been fighting against for so long. Unfortunately, experiencing it firsthand and suffering the consequences opened my eyes to how this mechanism truly operates. Now, I am committed to exposing it and working toward real solutions.

We need accountability and transparency, which is why we are keeping our legislators informed with facts and pushing for laws that serve homeowners—not those written by CAI-affiliated attorneys or lobbyists who protect the industry's interests. Homeowners must recognize that CAI is the driving force behind this network, which includes HOA board members, management companies, attorneys, insurance providers, and vendors.

Now that we understand their system, we must also understand their strategies so we can effectively challenge and reform them. It may take time, but we will not give up!



K.L. King · Greenstone · 3d



Donald While it is true that HOA dues are formally set by the HOA board, those dues are directly influenced by the fees charged by the management company hired to oversee operations. Kellison does more than just collect payments—they play a significant role in the financial decisions that impact homeowners.

Before our HOA switched to Kellison, our dues were significantly lower. Since then, we've seen a sharp increase in costs, raising concerns about how these management fees are structured and justified. Check out the Kellison Agreement here:

<https://www.facebook.com/groups/572374718988619/permalink/624499173776173> and read all the way to get to the rates. Easy money!

Companies like Kellison use strategic marketing—such as features in Real Estate Business Magazine—to present a polished image, but that marketing often contradicts the real experiences of homeowners who deal with them directly.

For those interested in real-life cases and documented evidence of how Kellison operates, I've shared an in-depth investigation on Nextdoor - "The Truth About Kellison": https://nextdoor.com/news_feed/?post=382920891 . Additional documents and discussions can also be found on the Facebook page GreenStone Homeowners Group:

<https://www.facebook.com/groups/572374718988619>

One important point to highlight is that when HOA board members remain in their positions for many years, they often become detached from reality. They no longer take an active role in making informed decisions, such as researching vendor rates, verifying service quality, or ensuring legal compliance. Instead, they rely entirely on the management company to handle these responsibilities. When things go wrong, rather than admitting mistakes and addressing them, they double down and refuse to fix the issues.

Even worse, HOA boards fail to investigate the larger mechanism at play. They overlook the fact that entities like the Community Associations Institute (CAI) exist to keep management companies, attorneys, insurance providers, and vendors profiting at the expense of homeowners— while offering little to no accountability or transparency. You don't have to take my word for it; look up the recent lawsuits against CAI. Homeowners across the country are starting to wake up to what's really happening.

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K.L. King · Greenstone · 2d · Edited



Ken Attending HOA meetings and raising concerns is important, but unfortunately, it's not always enough to bring real change—especially when the HOA board, the management company, and their attorneys operate without transparency or accountability.

Yes, we have attended meetings, sent tons of evidence prior to the meetings, and asked tough questions—only to be dismissed, ignored, or even ridiculed.

Our recent experience with the GreenStone HOA, Kellison Corp., and attorney Peter Dauster (Johnson Muffly & Dauster) is a prime example of this dysfunction. At the last meeting, serious homeowner concerns were brushed aside, conflicts of interest were apparent, and the board refused to address documented violations. Instead of fostering transparency, the process seemed designed to silence homeowners and push forward decisions that serve the board, management company and their attorneys—not the community.

If you want to understand the full scope of what's happening and why this issue goes beyond just 'attending a meeting,' I encourage you to read my detailed posts on Nextdoor: [Our Fight for HOA Accountability & Transparency Continues](#) and [URGENT: GreenStone HOA Voting Process Compromised – Homeowners Must Take Action!](#)

In addition, you can review some of the evidence we've made available here:

<https://www.facebook.com/groups/572374718988619>

This is exactly why legislative reform is needed. Without real accountability—such as requiring attorneys to sign off on the governing documents they draft—homeowners will continue to be at the mercy of a broken system. We are actively working with legislators, HRLNG and various HOA organizations to change that and encourage others to join us in demanding better protections for homeowners.

This system thrives on deception and is engineered to exploit homeowners rather than protect them. HB25-1123 reinforces the power structure that enables this abuse.

Homeowners Deserve Accountability, Not Excuses

As discussions in homeowner communities have shown, residents are waking up to the reality of HOA exploitation. The [HOA Reform Leaders' proposals](#) offer real solutions by prioritizing transparency, accountability, and the elimination of conflicts of interest.

We request a **one-hour Zoom meeting** with the legislators sponsoring HB25-1123 to discuss these critical issues further. Please let us know a convenient time to schedule this discussion.

Thank you for your time and consideration. We look forward to your support in protecting the rights and financial security of Colorado homeowners.

For transparency and accountability, we have also cc'ed Colorado legislators, advocacy groups, and relevant regulatory authorities. This matter not only affects our HOA but also highlights broader systemic issues that require legislative intervention.

Sincerely,

Karl and Daniela King
Advocates for Abused Homeowners
Members of HOA Reform Leaders Advocacy Group

We are not attorneys. All communications here are our opinions and beliefs. Nothing in our communications should be considered legal advice.

"The fear of the Lord is the beginning of wisdom." - Proverbs 9:10

"The only thing necessary for the triumph of evil is for good men to do nothing." -
Edmund Burke