

Buck Bailey
Speaking notes for March 20, 2019
House Transportation and Local Government Hearing on HB19-1212

I. Introduction

A. Self: Thanks for the opportunity to speak with you today about Community Association Manager (CAM) Licensing and HB19-1212

1. My name is Buck Bailey. I am currently licensed as RM 1108 under the CAM licensing program. Since 2011 when I was elected to the Board of Directors, I have been actively involved in managing and caring for Plaza de Monaco Towers Condominiums Association, Inc. At the beginning of Feb 2014, I resigned from the Board and took over as the General Manager for a 30-60 day transition while we found a suitable person to become the permanent General Manager. Needless to say, I am now into the 6th year.

2. Experience: 25+ years middle mgmt. USN(Ret) Command Master Chief

3. Education: AS-Business, BS-Industrial Tech, -MA-Management

B. Main Points

- 1) The CAM Licensing Program has been REPEALED. It should stay that way as an unnecessary, costly, and burdensome regulation.
- 2) COPR&RR's Sunset Review Report as well as the Annual Reports from the HOA Information and Resource Center do not present adequate support for continuing CAM Licensing Law.
- 3) If reestablishment is desirable, the processes in CRS 24-34-104(6) should be followed. HB19-1212 should stop today as an improper attempt to reestablish the CAM Licensing program.

4)

II. Body

A. CAM Licensing is an example of unnecessary, costly, and burdensome regulation.

- 1) Originates from a belief that somehow licensing will prevent bad actors from doing bad things. It does not!!
- 2) CAM licensing functions primarily as a barrier to entry for those who wish manage a "Common Interest Community." State regulators authorized to issue Cease and Desist orders to prevent unlicensed activity.
- 3) Many forms of residential community living function well without state mandated licensing for the managers of those communities. Examples: Apartments, Mobile home communities, government supplied housing
- 4) There are several exemptions in the CAM Licensing law. Timeshares, attorneys, accountants, management company executives, clerical and maintenance staff.

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- 5) Licensing involves direct mandated initial costs as well as ongoing direct costs to CIC/HOA.
- 6) Imposes additional constraints and burdens on HOA Boards.

B. DORA Reports and data to date do not present necessary support for continuing CAM licensing.

- 1) The CAM License requirement has not resulted in better management of CICs/HOAs.
 - a. The 2017 Annual report from the HOA Information and Resource Center pg 12 indicates that 85% of complaints involve professional managers.
 - b. The 2016 Annual Report indicated 70% of complaints involve professional managers.
 - c. DORA data and the Sunset review report show increasing problems with managers in critical areas.

Alleged Issue Counts					Tables 8 and 9 from the Sunset Report			Added column based on Alleged Issue Counts
List the alleged issue with totals by board								
Board = COMMUNITY ASSOCIATION MANAGERS								
07/01/2015 to 02/28/2019								
2/28/2019 at 9:30:48 AM								
Alleged Issue	Statute or Rule	Total Number of Alleged Issues	Tot	FY 15-16	FY 16-17	FY 17-present		
New Complaint	N/A (Internal designation)	45	45					45
CCIOA Violation	12-61-1010(1)(e) C.R.S.	225	225	37	37			151
CE Non-Compliance	CAM Rule B-1	120	120					120
Complaints involving incompetence .	12-61-1010(1)(k) C.R.S	152	152	83	110			178
Incompetence	12-61-1010(1)(k) C.R.S.	219	219					
Crim Con	CAM Rule F-4	9	9		9			0
Fast Track	N/A (Internal designation)	163						
Financial misappropriation or fraud	12-61-1010(1)(f) C.R.S.	79	79	26	42			91
Fraud/Money Issues	12-61-1010(1)(g) C.R.S.	80	80					
No jurisdiction	N/A (Internal designation)	13						
No License Law Violation	N/A (Internal designation)	1						
Non-Responsive to Requests	12-61-1010(1)(e) C.R.S.	8	8					8
Pre-License Investigation - Application	N/A (Internal designation)	66						
Pre-license Investigation for - PAO	N/A (Internal designation)	3						
Unfilled request for documents or charging a fee to fill document request	12-61-1010(1)(e) C.R.S.	53	53	38	15			0
Unlicensed activity	12-61-1002 C.R.S.	183	183	104	48			31
Totals			1419	1173	288	261		624

- 2) 2017 Sunset review is short on data and does not support continuing licensing. I hope the current S

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- a. Sunset Review did not include any attempt to survey CIC/HOA Boards of Directors or members.
 - b. No attempt has been made to analyze before licensing data vs after licensing data.
 - c. Since at least 2012, the HOA Information and Resources Center has been collecting much data that could be used.
- C. If reestablishment is desirable, the processes in CRS 24-34-104(6) should be followed. The first step should be to stop HB19-1212 today and direct DORA to start the needed updates to the Sunset Report.
- D. If reestablished, some things should be done. (there are also many others)
- 1) Exempt CIC/HOA direct employees.
 - 2) Implement Sunset Report Recommendation 2-Management companies should pay renewal fees.
 - 3) Define Community Association Manager License.
 - a. No clear definition in the existing law
 - b. E-license program has DA, RM, IM, ENT, and AM categories that aren't defined in the CRS or the implementing rules.
 - c. Eliminate the "Apprentice" added to the law in 2015. It serves no purpose other than to confuse things. There is no listing on e-license.
 - d. Once issued, a license should not go inactive just because licensee is not currently managing any properties. It could expire, be revoked, be suspended, or even be surrendered. Automatic inactivation makes no sense.
 - 4) Clarify the insurance requirement.
 - a. HOAs carry Errors and omissions insurance for officers and directors.
 - b. There is No need for additional insurance as directed by 12-61-104
 - 5) The list is actually much longer.

III. Conclusion

- A. CAM licensing is an example of unnecessary, costly, and burdensome regulation.
- B. COPR&RR's Sunset Review Report as well as Annual Reports from the HOA Information and Resource Center do not present adequate rational support for continuing CAM Licensing Law.
- C. Stop HB19-1212 today because it is not being run IAW CRS 24-34-104 Requirements. Direct DORA to start the needed updates to the Sunset Report.

Thanks for the opportunity to speak with you and participate in this process. What questions may I answer for you?