

**HOA OUT OF COURT BINDING DISPUTE RESOLUTION (DR)**  
**Resolving complaints between an HOA homeowner and their HOA Board**

Developed by the Colorado HOA Forum

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Details of this proposal can be found on the [Forum's website](#)

**Purpose of this proposal:**

Provide Homeowners Association (HOA) homeowners with an affordable and non-litigious out of court binding dispute resolution process for resolving homeowner complaints with their HOA Board's non-compliance with State HOA laws and HOA governing documents. This requires expanding the authority of the State HOA Information and Resource Center to include investigative, decision rendering and enforcement authority on homeowner complaints.

**Introduction:**

Back in 1992, the Colorado Common Interest Ownership Act (CCIOA), the States's rule of order and governance for Homeowners Association (HOAs) was passed into law. Since then, a few dozen Bills have been passed into law addressing specific issues of HOA homeowners. However, not one Bill or CCIOA has included any means to enforce these HOA laws from the homeowners perspective other than our costly court system. Most homeowners can't afford to go to court. Enforcement for homeowners involves matching the HOA's unlimited financial and legal resources against that of the homeowners. HOA homeowners need an out of court binding dispute resolution process to pursue their rights under State laws and HOA governing documents that is affordable and to enforce their rights as presented to them upon the purchase of their home.

Colorado has a State HOA Office but it was never empowered to investigate, render decisions on HOA homeowner complaints. It has no enforcement authority when it comes to HOA compliance with the law. Nearly all homeowner complaints are simple and involve a Boards non-compliance with the law. Settling complaints early avoids major legal costs for the HOA and homeowners. Homeowner complaints about Board non-compliance are clearly written into the law but without any Board accountability.

Nearly 50% of the States population lives under HOA governance and growing. HOA homeowners rights enforcement must be addressed or abusive HOA practices will continue. DR or their lack thereof, costs HOAs and homeowners tens of millions+ yearly. The solution rests with providing HOA homeowners with an affordable venue to challenge an HOA Board's actions concerning non-compliance with the law. HOAs are a state issue thus legislation is needed to ensure enforcement of HOA laws and HOA homeowners rights.

**Requirements:**

Below is a list of what is required in legislation to resolve the root of homeowner complaints about their HOA Boards non-compliance with the law:

- Expand the authority of the HOA Information and Resource Center, also known as the State HOA Office, to investigate, render decisions, assign non-monetary penalties for non-compliance and ensuring enforcement of their decisions. This provides the venue and process for resolving homeowners complaints with their HOA Board and is referred to as Dispute Resolution (DR)
- The Head/Director of the HOA Office will be authorized to: determine the types of homeowner complaints it will accept; determine the types of non-monetary penalties against a Board for non-compliance with the law; define reasons a complaint will not be accepted; purchase computer hardware, software and other equipment to manage the DR program.

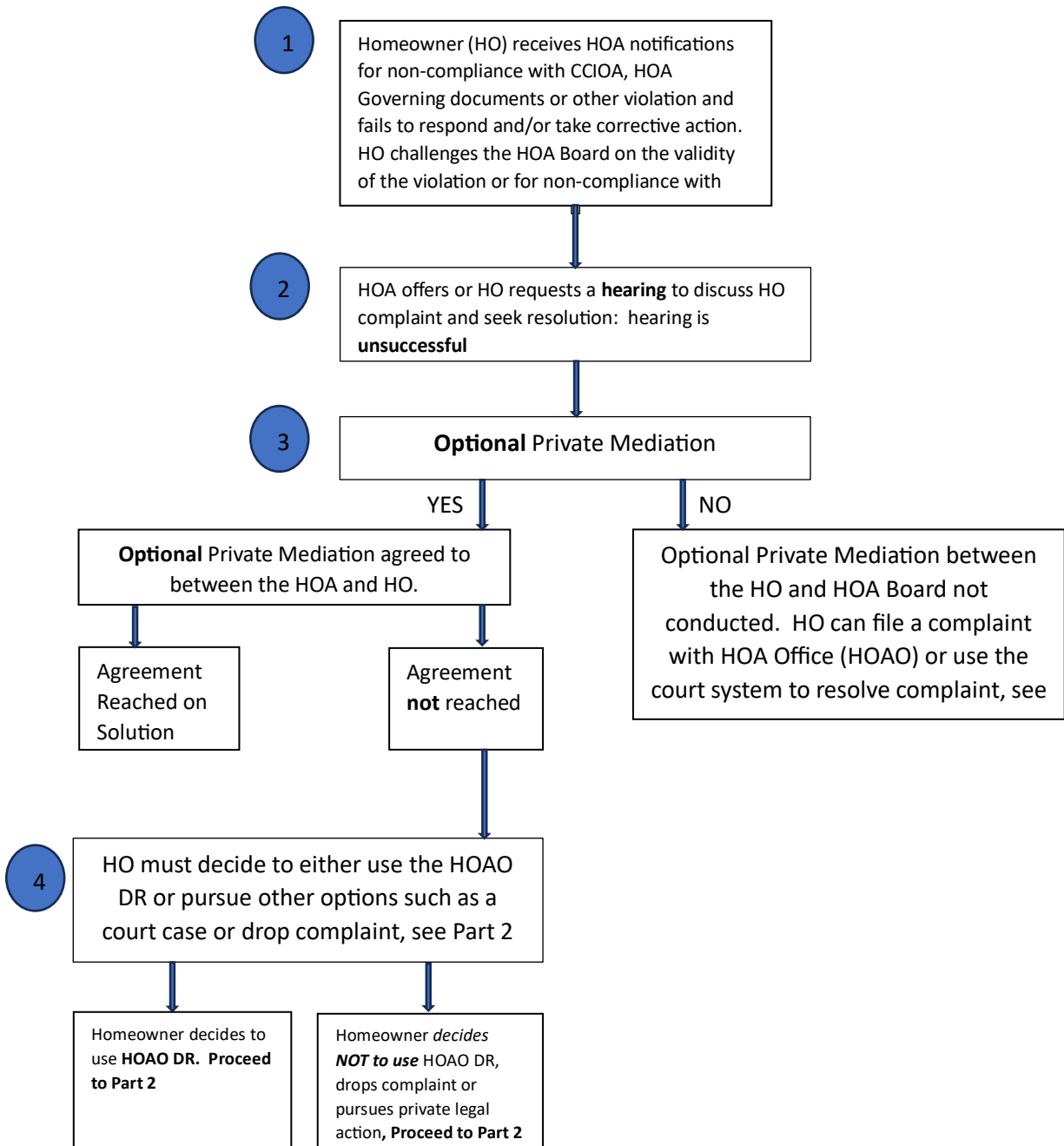
- No new State Office is required to administer DR between an HOA and homeowner.
- Develop a DR that is affordable for homeowners that is absent of the involvement of lawyers and courts except as noted in this Bill or authorized by the Head, HOAO. All legal costs incurred related to a HO complaint when such costs are at the option and initiative of the HOA or HO are not reimbursable regardless of the outcome of the HO's complaint. Legal costs incurred by the HOA or HO before, during and after filing a complaint with the HOAO DR will be non-reimbursable from either the winning or losing party; the practice of awarding of attorney and legal expenses to a winning party in a court case is not impacted by this Bill; when legal expenses are incurred by either the HOA or HO for optional or private mediation payment of such fees is the responsibility of the party requesting such services or as agreed to between the HOA and HO; the presence of lawyers at an optional mediation session must be agreed to by the HOA and HO; ensures verdicts are based only on the law and not the economic resources of either the HO or HOA and by court bias or legal manipulation; and a process that ensures verdicts by the HOAO are based on CCIOA and the HOA's governing documents and enforced to the greatest degree possible fully and not in part.
- The HOA Office's DR will only accept homeowner complaints related to violations of CCIOA and HOA governing documents by an HOAs Board.
- Develop a DR that doesn't require taxpayer funding but is fully funded through HOA registration fees
- Develop a DR that will take full advantage of the existing resources of the State HOA Office and their experience with Colorado HOA homeowners issues/problems.
- The DR will not require any new licensing program.
- DR will not increase the cost of operations for the HOA, businesses or to the State.
- This proposal will not interfere with the HOA Boards ability to govern the community nor will it expose any Board member to additional legal liability.
- This DR will require the HOA to issue the homeowner notifications of any violation or issue similar to that required in CCIOA billing and collection policies prior to the HOA or HO pursuing any litigation, involvement of a collection agency or filing a complaint with the State HOA Office. This includes a hearing attended by the Board and homeowner in an attempt to resolve the complaint within the HOA.
- DR will not impose any additional legal responsibilities on any single Board member. However, a Board member that is deemed to be the sole cause of the HO complaint can be removed from the Board by the Head, HOAO. Complaints will be filed against the HOA and not a single Board member. In filing a complaint, the homeowner can refer to a single Board member to aid in the investigation and if found to be the issue/problem the Head of the HOAO may direct this person's removal from the Board.
- This proposal addresses the number one issue identified in the Governors HOA Task Force of 2024 which is to provide an affordable, non-bias and accessible venue and complaint resolution process that addresses homeowner complaints about their Boards non-compliance with CCIOA and HOA governing documents

# HOA OUT OF COURT BINDING DISPUTE RESOLUTION (DR) PART 1

## Resolving complaints between an HOA homeowner and their HOA Board

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### Prerequisites to filing a complaint with the State's HOA Information and Resource Center's Dispute Resolution (DR) process.

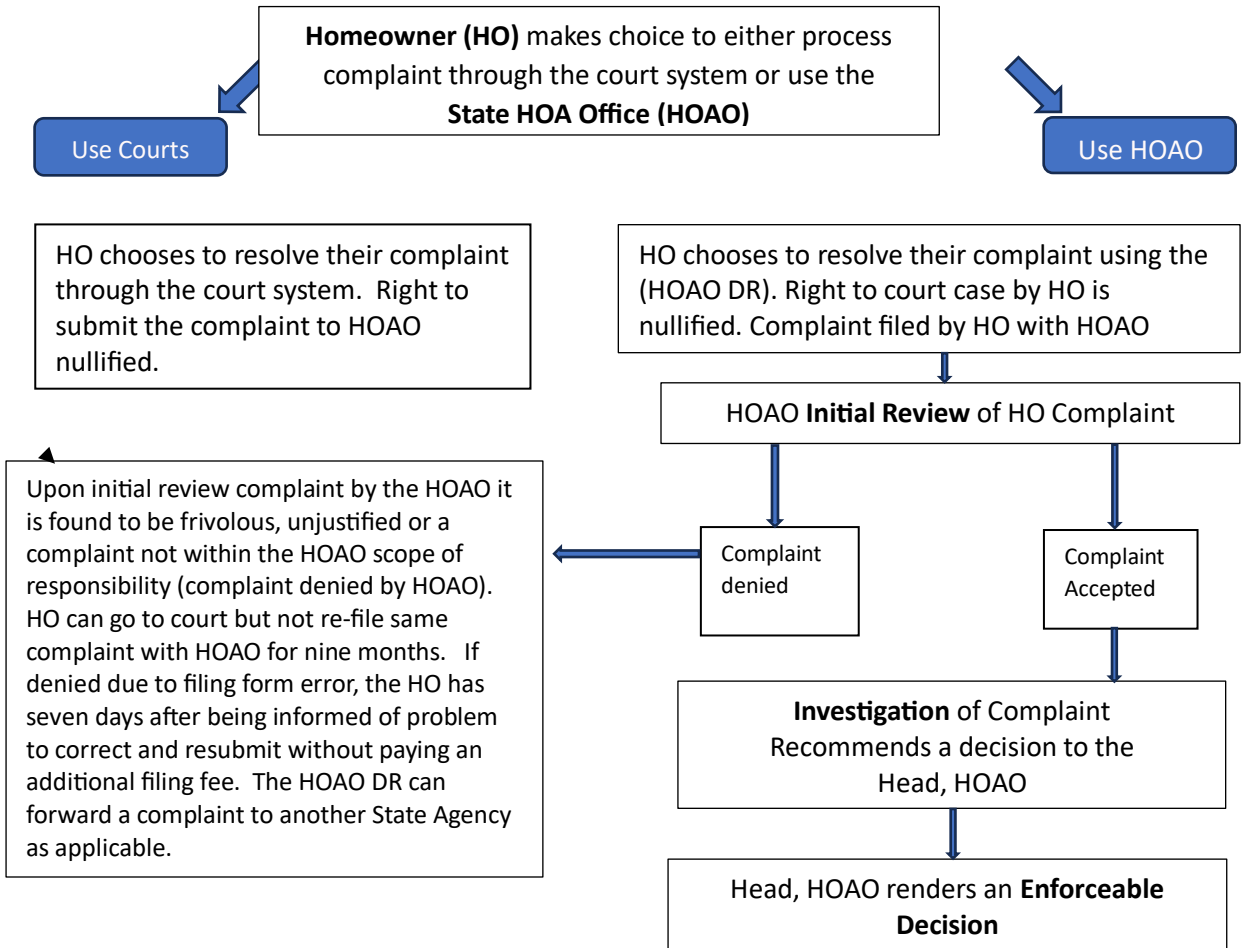


## HOA OUT OF COURT BINDING DISPUTE RESOLUTION (DR) PART 2

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A detailed proposal is available on the Colorado HOA Forum’s website (home page, left column, “[Dispute Resolution](#)”