

## **HOA Manager Licensing: Heavy on Fees Lite on Consumer Protections**

The HOA Manager licensing law goes into effect July 1. Expect little reform for HOA home owners. Property managers (PM) will be greeted with new fees, higher operating costs, and costly licensing requirements. This Law illustrates what happens when the industry trade group for PMs (Community Association Institute (CAI)) writes the law and uses it to promote its' financial interests.

The law increases PM business insurance costs, requires recurring license renewal and educational costs, imposes new background check and testing fees and for those who want to avoid State educational requirements and testing they will incur CAI membership, educational, testing and seminar costs. These costs have already resulted in PMs that serve smaller (less than 25 homes) HOAs to go out of business.

The fees, business costs and government involvement would be more tolerable if the law accomplished its' intended goal of consumer protection. However, the law is vague on the most simple demands and accountability for property managers: 1) there are no direct statements mandating PMs comply with all State laws and an HOA's governing documents 2) no direct statements that require PMs to advise an HOA when they observe non-compliance with the law or to report to DORA when such advice has been ignored and violations continue 3) no direct statements that hold PMs accountable when they carry out requested actions of a Board that are in non-compliance with the law or an HOAs governing documents 4) no mandates for PMs to provide home owners with a detailed explanation or legal justification of fees and assessments (such as the HOA Transfer Fee) they independently impose and retain and 5) no requirement to explain and justify in detail all PM fees in their contracts with the HOA. Repeated requests to DORA (Department of Regulatory Services) and legislators from Colorado's largest HOA home owner's group, Colorado HOA Forum, to include these simple specifics have been rejected making reform and enforcement for home owners very difficult. Legislators also refused to include in the Law assistance to smaller HOA PMs by reducing their licensing costs and requirements.

Licensing also witnessed an unprecedented and disturbing legislative act. The Law contains language directly promoting a private entity's (CAI) sales products and educational courses. It also allows the industry that is to be regulated (CAI) to develop and complete State educational, testing, and credentialing requirements none of which have been officially reviewed or approved by the State.

Then there is the missing legislative mandate in licensing rules to address meaningful "full disclosure" of all fees and assessments on home owners by PMs. Specifically, the HOA Transfer Fee that cost HOA home owners millions each year will continue without any limits or justification. DORA decided a one-liner on home closing documents with no receipt and/or detail of charges is "full disclosure" of this fee.

Legislation/licensing that is crafted by the interest group to be regulated should be disconcerting to home owners and businesses. The CAI has dominated the PM industry and HOA legislation in Colorado for decades. Their influence and leadership has led to the need for licensing and reform. July 1, 2015 was to be a good beginning on reforming the abuses in the PM industry but HOA home owners will sadly see little change.

Colorado HOA Form: an HOA Home Owner Advocacy Organization