

HOA Transfer Fees Admitted to be Unjustified and Contract Bidding Scheme in Hearings

This is a lesson in civics, special interests, and how your legislature works.

The public hearing on HB 16-1133, simply requiring HOA property managers (PM) to provide the home owner with a detailed receipt for fees, surfaced the bogus and abusive practices in the HOA property manager (PM) industry with the HOA home sale Transfer Fee. The Bill was killed in Committee.

The Bill would've ended the practice, not allowed in any other business in Colorado, of forcing home owners to pay a bill without a detailed receipt of charges. The would've ended this practice with the HOA home sale Transfer Fee that costs home owners upwards of \$10 million a year in undocumented, unjustified, and mostly illegal fees. Note, if you don't pay this undocumented fee you end up with a lien on your home and can't sell your home!

The public Committee Hearing on this Bill that resulting in killing the Bill revealed the whole scam of HOA Transfer Fees and **you had to be there to believe it.**

Lobbyist: "We find it impossible to identify what work was done to earn the Transfer Fee so we can't provide the home owner a detailed receipt" (but PMs find it easy to charge the home owner the HOA home sale Transfer Fee).

Lobbyist: "This requirement (to provide the home owner a receipt/invoice when assessing them a fee) places an undue hardship, cost and work burden on businesses". Really, would we accept this lame response from COMCAST or MasterCard?

Lobbyist: "Fees differ from home sale to home sale so the standard fee we charge may not even cover our costs so providing a receipt would not work" The Bill had nothing to do with standard fees or what is charged or how much but simply to require documenting that work was actually done to earn the fee and such work was caused by the sale of the home.

Lobbyist argued the Bill would restrict Transfer Fee amounts charged and they couldn't provide a billing to the home owner prior to the home sale as they didn't know the final amount? 1) The Bill didn't restrict any billing 2) the Transfer Fee billing is a simple final billing to the home owner in 95% of sales and no special handling, computations, or research is required and nothing in this Bill prevents a modification as needed. Of course an invoice can be provided 3 days before home closing. COMCAST can provide you a final billing at least a week before they require payment.

Lobbyist: "if a home buyer wants an **accurate** final home owner account statement that the PM is responsible for then this takes time and extra cost and that alone justifies most of the cost of the Transfer Fee". This statement indicates that the home owner was quite possibly receiving **inaccurate** monthly billings during the whole time living in the HOA, how outrageous a statement!

Lobbyist: “there are laws in existence that require full disclosure so this Bill is not needed”. The fact is that no law exists to require any detailed receipt or to justify work performed to earn a Transfer Fee, NONE! The law referred to only requires a one line statement, no detail or justification of charges, on home closing documents, in any amount and the charges can't be challenged. So much for full disclosure.

Lobbyist conversation with the Colorado HOA Forum post-Committee hearing: "if we didn't charge the Transfer Fee we would have to bid higher for HOA contracts, we all do this so the Transfer Fee has little to do with the sale of a home, we estimate how many homes may be sold, set the Transfer Fee at a rate we want to reduce our bid to win a contract (if the fee is estimated to bring in \$10,000 then they reduce their bid by that amount)". This illustrates why no invoice can be produced detailing work performed to earn the fee!

So no receipts for fees assessed, just pay them, shut up, or else! Your legislators deserve a big thank you.