

First Draft directed at content
HOA Property Manager Licensing
Proposal to revive the licensing program with enhancement
Presented by the Colorado HOA Forum www.coloradohoaforum.com

Reinstate the HOA property manager (PM) licensing program that was vetoed in 2019.

In 2019 a legislative Bill to reinstate the HOA Property Manager licensing program passed the legislature and was subsequently vetoed by the Governor in 2019. Two Sunrise Reports have been completed on this requirement indicating a need to license this profession. Several Bills have submitted during recent years on licensing but killed. The Colorado HOA Forum will continue to pursue licensing with the following enhancements to be included in licensing rules and HOA contracts with their HOA Property Manager Company (PM)

Require PMs to provide a detailed receipt/invoice to a home owner who is directly billed for any service by the PM. The statement on invoice (and this will be included in the PM contract with the HOA) will explain that such billing represents work not reimbursed to the PM with their contract with the HOA and such charges are unique and extraordinary and only incurred as a result of the home sale transaction or through an approved special request by the HOA Board. The invoice to the homeowner will identify a description of charges, when completed, line item cost and authority to make such charge

No direct or indirect charges to a home seller from a PM being challenged in the home closing process can suspend a home sale

Regardless of what is in an HOA's contract with the PM, in particular HOA Home Sale Transfer Fees and Status Letter charges, all charges must be justified and not have been previously paid for with HOA monthly assessment

No charges can be assessed to the homeowner or home seller by the PM or HOA to acquire documents required for home closing or other use except for mailing and handling and will not exceed \$35. Such charges must be accompanied by a detailed invoice

All unreimbursed charges incurred by the HOA property management company (PM) in behalf of the HOA or home owner/seller related to a home closing will be billed directly to the homeowner and may not be considered in supporting a lien on the property. Collection of such a debt will be pursued by the HOA or PM as applicable and collection charges and attorney fees can't exceed \$500

PM contracts with the HOA will directly describe duties, responsibilities and dependent and independent approved authority over the operational and financial involvement of the HOA

Verbiage in the PM contract with the HOA is only enforceable if it complies with CCIOA or the HOA's governing documents

The PM contract with the HOA will include detailed language concerning records storage, maintenance and release and penalties for non-compliance

The PM contract with the HOA will indicate that if the PM is involved in, aware of or in advising the HOA on management in any action or event that is in violation of their license obligations or CCIOA they are subject to penalties and/or loss of license

No PM can defend their action(s) leading to a violation of their license or CCIOA by indicating they are only doing what the HOA Board has authorized or directed them to do

PM's will disclose all financial, legal or business relationships with vendors during any contract bidding and award. Failure to do so can result in a fine of up to \$5,000 per occurrence

HOA funds handled and managed by PMs will utilize financial institutions chartered in Colorado and such funds will remain in Colorado financial institutions

A PM's unjustified denial of records access to a homeowner can result in a penalty up to \$5,000 per event

A PM's contract with the HOA will include a clause indicating the PM will comply with requirements and standards in the PM licensing law and all State HOA laws and an HOA's governing documents

Prior to award of any PM contract by an HOA the PM will disclose any and all business names/registration they are operating under or previously operated under

A PM will reveal to the HOA Board any litigation pending against the PM and any litigation settled against the PM in the past three years.

The PMs contract with an HOA will include that they are subject to all licensing rules in executing the contract and inform the HOA of any violations decided against them within three days of such an event

Failure to comply with a DORA decision can result in additional penalties and/or revocation of a license and barring individuals or companies from operating in this industry in the State of Colorado for 5 years.

If a company's employees conducting work and required to be licensed have been in violation of licensing rules and mandates more than three times in a year the company will be assessed a fine up to \$5,000 with each subsequent violation subject to a fine of up to \$5,000.

All DORA complaint decisions in favor of the complainant will indicate a cure date that will be 5 days from the date of any decision except in extraordinary circumstances as determined by DORA

Previous requirements in the PM licensing law would be retained as appropriate.

Funding for this program would be from like source(s) of the previous law.

This program licenses individual PMs and those providing oversight of PM work within the business.

No real estate license is required for a PM.

This program to be administered by DORA and its licensing division and there is no direct linkage to the State HOA Office except for sharing data/information.

Educational standards and costs to acquire a license for a person or Small business or any first time applicants (not previously holding a position of a PM) will be developed by DORA.

HOAs and their management company will maintain only one, official, up-to-date and current data base or filing system of documentation. Any statement or documents issued to a homeowner, home buyer, Title company or other authorized person or entity will indicate the date prepared, date the information

was last updated and a statement that the information is the most current and complete as of the date prepared and can be used to fulfill DORA home closing disclosure.

The PM will not charge any homeowner or authorized person or entity for documentation requests except for mailing and handling and such charge can't exceed \$35. Any and charges to the requestor will be accompanied by a detailed invoice justifying the billing.

The PM will be required, and stated in their contract with the HOA, to apprise the HOA Board of any financial concerns in the HOA that are resulting or will result in the inability of the HOA to maintain the community property in an acceptable and usable condition.

The PM will not choose or hire the HOA's attorney.

Time-share developments registered as HOAs would be required to ensure those completing PM work are licensed

Contract oversight/management by a PM/PM company would require the PM to document the credentials and experience any person completing this activity and would require direct work history to support their assignment on a job.

The added cost to an HOA capital project (non-routine maintenance work) would be limited to X% or dollar amount (both to be determined).