

**First Rough Draft**

**Proposal to Reform and Define the Application of the HOA Home Sale Transfer Fee and Status Letter  
Proposed by the Colorado HOA Forum [www.coloradohoaforum.com](http://www.coloradohoaforum.com)**

- 1) This proposal requires as part of any Bill that a definition of Home Sale Transfer Fees and Status Letter be determined and that it specifically states it applies to all State registered HOAs. This will include allowable charges from an HOA property management company (PMC) to a home seller or their agent to complete these tasks; invoicing requirements; only unique and extraordinary costs caused by or related to the home sale that have not been reimbursed to the PMC are permitted; that the payment or non-payment of a Transfer Fee or Status Letter charge can't suspend the home sale closing process; that a certification is not required on the documentation to complete these tasks but such documentation and account statements produced by the PMC or accessed by the home seller are considered the official and up-to-date documentation and can be used to meet home closing requirements as of the date produced and to fulfill Title Company documentation requirements; PMC and/or the HOA will not be accountable for misrepresentation of documentation produced or accessed unless negligence in maintaining this data/information can be proven. HOA contracts with their PMC will contain verbiage that HOA governing documents, rules and other information posted and accessed on the HOAs website or provided to a homeowner is the latest and most up-to-date and that the custodian of the such information will be required to confirm daily update processes; the presence of a statement in an HOA's contract with a PMC that allows transfer fees and/or details what the fee is charged for and how much doesn't confirm the fee is authorized under CCIOA. Any certification of documents to fulfill Transfer Fee or Status Letter information must be approved by either the HOA and/or home seller as a special request and not mandated by law; DORA documentation requirements for an HOA home sale will be part of this definition. Indicate that no charges will be assessed a Title Company request for this information other than mailing and handling charges to not exceed \$35. Any transfer fee and Status Letter charges can't exceed \$50 and would have to be justified as defined.
- 2) HOA Home Sale Transfer Fee and Status Letter Reform: This fee is assessed home to allow an HOA property management company to get reimbursed for costs incurred that are unique and extraordinary in the sale of their home. All transfer fee and status letter charges to the home seller will be supported by a detailed invoice to the payee (home seller) from the property management company (PM) that is the source of this fee and retains the fee to include what work was done to justify and earn the fee, when completed and detailed line- item cost. This will be considered an independent charge by the PM to the homeowner for unreimbursed costs in providing HOA information during the home sale process. State HOA law (CCIOA) clearly states that access to HOA documentation is at no charge to the home seller except for any special mailing, printing or handling requests. The Status letter involves providing documentation on the seller's financial obligations to the HOA such as indicating if assessments are paid up-to-date, any outstanding special assessments or other financial obligations are paid-up-to-date, and any debt against the home for sale that are inherited by the buyer and related payment obligations. This information is available upon request of the home seller or their authorized agent upon request with no charge. The non-payment/settlement of a Transfer Fee can't hold up the sale of a home and collection action will be separately pursued by the PM outside the home closing process. Any charges to the home seller must be unique and extraordinary

expenses incurred by the HOA property management company in the sale of a home. No charges, other than mailing, delivery or special handling requests, will be assessed to a home seller for providing any documentation or process required under the Contract to Buy and Sell Real Estate. HOA Transfer Fees represent only costs to the PM not reimbursed to them under their contract with the HOA and are limited to \$50 of documented and justified costs and any direct billing to the HOA in relation to an HOA home sale transfer fee is prohibited unless approved by the HOA Board and is supported by documentation. The homeowner can approve and must approve any transfer fee or status letter charges. The Status Letter will include all information on the homeowner financial obligations with the HOA and reflective of that required under the Contract to Buy and Sell Real Estate and maintained as a matter of standard operating procedures by the and thus not considered extraordinary or unique to the sale of the home and the homeowner will not incur any cost for this service. If the PM is using a third party to produce any home closing documentation it must apprise the HOA of this situation but first gain the HOA's approval in sharing any personal information with the third party. The HOA will apprise home sellers of the opportunity to use third parties to produce transfer fee and status information and the cost comparison between the PM and third party. Any clause or mention of an HOA Transfer Fee in the PM contract with the HOA will include a clause of the aforementioned and in and of itself not justify a transfer fee.

- 3) Verbiage on the Contract to Buy and Sell Real Estate that states the permissible home closing charges to the seller by the HOA and/or its property management company (PMC). In particular, that only extraordinary and unique expenses incurred as a result of the home sale and authorized by the HOA Board are valid; that all charges from a PMC to a home seller for documentation related to fulfilling Home Sale Transfer Fees requirements or in producing a Status Letter will be of no charge to the home seller as defined in CCIOA. Any charges from the PMC to the home seller will be approved by the HOA Board and be accompanied by an invoice indicating what special services were completed, when completed and line-item cost with a statement that such charges have been approved by the HOA Board and are unique and extraordinary to the sale of the home for which the PMC has not been reimbursed. The line item on any home closing document will not satisfy the requirement to provide the payee/seller with an invoice.
- 4) Regardless of what is stated in the HOA's contract with a PMC including authorizing a Transfer Fee or Status charges an invoice will be provided to the payee as stated in this Bill and all charges justified as unique and extraordinary. Any service provided to a homeowner throughout a year on any day that comes at no direct charge to the homeowner such as documentation and account access will not be part of the Transfer fee or Status Letter charge. Any charge to the home seller for documentation or account information will be considered a duplicate billing charge and void.