

Issues and Priorities in HOA Reform
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Introduction

The content in this document will not change unless found to be inappropriate, ineffective or too costly to implement. The details in support of Priority One issues can be viewed through the document link provided or on the [Colorado HOA Forum's website](http://coloradohoaforum.com) homepage

The Forum's guidelines in reform preclude/will not:

- Use taxpayer general funds: funding to implement our proposals will be paid for through HOA registration fees, will have a multiple return on investment when using HOA registration fees.
- Result in material increases in homeowner assessments or any measurable increase in operating costs on HOAs, home owners or HOA property management companies.
- Negatively influence home owners from volunteering or increasing volunteer legal liability
- Inhibit the ability of an HOA to govern the community
- Create a new government bureaucracy or entity but build upon that which already exists
- Deny a homeowner or HOA the right to a court/legal action in problem resolution
- Interfere or attempt to invalidate or circumvent any local, State or Federal laws/regulations
- Advocate the abolishment of HOAs as a means of local governance or preclude any new development from being governed by an HOA. The Forum works to improve HOA governance through legislative initiatives
- Use inflammatory language in our material, publications or meetings such as dictatorship, Nazis, etc. as this would us to being labeled as an unreasonable and inflammatory organization not willing to work with the institutions available for reform
- Use the names of any person, HOA, lawyer or property manager in discussing our issues.
- Exclude membership and participation from any person or organization or professional group
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Note, if Priority One item #1 below is not implemented then most other HOA Reform legislation and initiatives will be administrative, mostly unenforceable and not lead to resolving the number one issue of HOA homeowners: a dispute resolution process/venue for HOA home owner complaints with their HOA in an accessible, affordable, non-litigious and efficient manner.

Issues #1 through #10 are **Priority One** and ranked in order of importance and considered baseline requirements in HOA reform. #1 and #2 are not dependent upon the implementation of any other items listed. **Priority Two** issues are not presented in ranked order and are considered highly important. **Priority Three** issues are important issues that can be addressed through legislation or integrated into Priority One and Two proposals and need not be standalone items.

To view the details of an item, place the cursor on "Details" and then press Ctrl and Click (click will normally involve using the mouse pad right or left side depending on how your computer is setup). The Forum's

website contains additional details on all proposals, contact the Forum on specific questions, coloradohoaforum@gmail.com or use their Contact Us form accessible from their home page

Priority One

#1 Implement an out of court binding dispute resolution process within the State HOA Office to resolve HOA home owner complaints with their HOA Board. Homeowner complaints will only concern violations of State HOA law and/or HOA governing documents with exceptions approved by DORA. This will provide homeowners with an affordable, accessible, effective and non-litigious venue for dispute resolution other than our costly and litigious court system that matches the limited resources of the home owner against the unlimited financial and legal resources of the HOA. Without this process being implemented most HOA State law (CCIOA) and an HOA's governing documents will remain mostly administrative and ineffective. [Details ctrl + click to follow link to details](#)

#2 Reinstate the HOA property manager (PM) licensing program that was vetoed in 2019 with more definitive language concerning accountability and enforcement, consideration for licensing PMs managing small HOAs, allowances for promoting start-up and disadvantage groups to enter the profession, licensing of individual PMs vs the business entity and other issues. [Details ctrl + click to follow link to details](#)

#3 State HOA data base and HOA Registration The State to create a State-wide HOA data base for use by homeowners, home sellers and buyers, government agencies in their research, Realtors and others interested in researching individual HOAs and the industry at large. This task to be completed by HOAs through the annual HOA registration process. [Details ctrl + click to follow link to details](#)

#4 CCIOA (State HOA law and an HOA's governing documents) must have a defined statement(s) concerning 1) HOA Board responsibilities and accountability to homeowners in maintaining the community and 2_ensuring the deliverables stated in the HOA's contract with the property management company are completed in a timely, complete and quality manner. [Details ctrl + click to follow link to details](#)

#5 HOA Home Sale Transfer Fee and Status Letter Reform. A requirement that all charges imposed on a home seller from either the HOA Property Management Company or HOA related to a home sale be accompanied by a detailed receipt indicating what was done to earn the fee, when and line-item cost. All such charges must be unique and extraordinary and incurred due to the sale of the home. The HOA can demand Transfer Fee charges be paid at the time the request for services is received. A management company completing special requests can demand payment prior to delivery of services but any unpaid home closing work not paid at the time of home closing will not be included in any home closing documentation. There will be no charges to the home seller by the HOA or property management company for documentation or home seller's account status for items listed on the Contract to Buy and Sell Real Estate or in CCIOA. [Details ctrl + click to follow link to details](#)

#6 HOA Foreclosure and Equity Protection Reform: protect a homeowner from losing all of their home equity in an HOA foreclosure [Details ctrl + click to follow link to details](#)

#7 Improve and expand upon the information provided to home buyers during the home closing process. [Details ctrl + click to follow link to details](#)

#8 Failure to release HOA documentation to a homeowner or Board member upon request: [Details ctrl + click to follow link to details](#)

#9 Voting Reform: require by using vote by mail the approval of annual budgets, assessments above a certain threshold, capital investment projects, litigation and construction defects law suits and election of Board members. [Details ctrl + click to follow link to details](#)

#10 Preclude partial or substantive compliance in enforcing HOA covenants and in justification of court decisions unless such enforcement of covenants involves a health or safety issue or otherwise such partial compliance can be shown to interfere with the operations and maintenance of the community. [Details ctrl + click to follow link to details](#)

#11 Special assessments (above an amount to be determined by DORA) proposed by the HOA Board will require a vote of homeowner approval utilizing vote by mail.

Priority two (not presented in priority order but issues need to be addressed)

A one-year statute of limitations for all covenant and rule violations for enforcement. If the HOA has known about a violation addressed in HOA covenants and rules, they have one-year from the date on which they were aware of it to pursue corrective action after which the violation is null and void and the homeowner can't be directed to fix the violation. All covenant violations inherited by a homeowner and unresolved at the time of closing will be the responsibility of the buyer. A covenant violation unknown to the home buyer at the time of home closing will not be enforceable by the HOA. **A buyer of a home in an HOA will inherit all unsettled financial obligations and responsibility related to outstanding covenant violations and other issues in which the HOA is pursuing against the home seller.** [Details ctrl + click to follow link to details](#)

All HOA governing documents will define in detail the differences between commercial, business, home businesses and public/homeowner events and activities such as garage sales as to restrictions on such activities.

HOA capital improvement projects in an HOA above \$x (to be determined) must be voted upon by homeowners with mail-in ballot. [Details ctrl + click to follow link to details](#)

Term limits on HOA Board members when others are willing to serve. A term limit is defined as being elected twice or more consecutively. A homeowner can run for the Board after being out of office for two election cycles with the exception being that if no one else is running for the Board they can be on the ballot at any time and upon election the limit begins anew.

Any charge paid by the homeowner to the HOA or HOA Property management company as part of the home closing process can't be charged to the Title Company that in-turn charges the homeowner. Home sale documentation provided to the Title company replicating that sent to the home seller from the HOA or PM will not carry a fee except mailing and handling charges and be supported by a detailed invoice indicating what the charges represent, line-item cost and when the work was completed.

Reserve Fund [Requirements Details](#)

Priority three

HOAs and their management company will maintain only one, official, up-to-date and current data base or filing system of documentation and it will be available upon request from a home or other authorized individual and HOA governing documents will be posted on an HOA's website. There is no charge to provide documentation or account statements to authorized parties except for mailing and preparation charges. [Details ctrl + click to follow link to details](#)

Title Company documentation: Upon request of the home seller or their authorized buying agent, documentation will be provided to the Title Company during the home closing process at no charge other than mailing, delivery and preparation. All costs incurred by the PM not reimbursed through their contract with the HOA will be directly billed to the homeowner and if not paid at closing will not interfere with the closing process.

Any charge paid by the homeowner to the HOA or HOA Property management company as part of the home closing process can't be charged to the Title Company that in-turn charges the homeowner. Home sale documentation provided to the Title company replicating that sent to the home seller from the HOA or PM will not carry a fee except mailing and handling charges and be supported by a detailed invoice indicating what the charges represent, line-item cost and when the work was completed.

Require licensing of time share property managers under any HOA property manager licensing law. Time share HOAs will complete HOA registration requirements and abide by State HOA law and its' own governing documents. Homeowner complaints can be brought to the HOA State Office (when implemented) or Small Claims court.

Require HOA time-share properties to disclose and provide information at home closing equal to that of registered HOAs.

Term limits on HOA Board members when others are willing to serve. A term limit is defined as being elected twice or more consecutively. A homeowner can run for the Board after being out of office for two election cycles with the exception being that if no one else is running for the Board they can be on the ballot at any time and upon election the limit begins anew.

Election and voting reform to include banning default proxies to Board member(s), [Details ctrl + click to follow link to details](#)

Require HOA rental property owners to utilize part of every rent payment to pay in full HOA dues. Tenants will not be responsible for any debt assigned to a property. A clause in the rental agreement will include this issue.

HOA assessment income: Transferring the rights to HOA assessments to a third party is only legal if the result of such action doesn't make the HOA depend on fines and fees to support its community obligations.

Prohibit the use of non-disclosure agreements for Board members that preclude Board members from discussing non-confidential information with fellow home owners and Board members outside of an official Board meeting.

HOA Insurance mandatory insurance requirements: [Details ctrl + click to follow link to details](#)

Recall of Board members: DORA will provide on its' website the processes and procedures for a recall and develop a form for homeowner use is developing its petition for a special meeting and collecting signatures.

HOA reserve fund studies and requirements. [Details ctrl + click to follow link to details](#)

HOA Bank Accounts: [Details ctrl + click to follow link to details](#)

Check writing, money transfers and funds withdrawal: [Details ctrl + click to follow link to details](#)

Payment of Assessments. [Details ctrl + click to follow link to details](#)

Assessment payment due dates: [Details ctrl + click to follow link to](#)

Legislation concerning the turnover of the HOA from the Developer to homeowners. This mainly concerns a checklist of items to be addressed in this process/transition of HOA governance from the Developer to the HOA newly elected Board. The checklist of tasks to complete the transition will be developed by DORA

HOAs will be required to annually present at a community meeting the topics of reserve funds, insurance, maintenance responsibilities and other topics determined by DORA and confirmed through the annual registration of the HOA.

If a scheduled Board election has no homeowner running for office except that of the incumbent(s), no election is required but notice must be issued to all homeowners within 3 days after the cutoff date for accepting contestants that unless the HOA receives contestant(s) in the scheduled election within seven days of the notice that no election will be held and the incumbents will remain in office.

HOA attorneys and HOA property management companies will be required to abide by an HOA's governing documents and State HOA laws equal to that required of an HOA Board. [Details ctrl + click to follow link to details](#)

The HOA Declaration will include a procurement/purchasing policy including requiring bidding on the management company contract, contracts for landscaping and snow removal, defining the bidding criteria, etc. All non-proprietary information on contracts to be posted on the HOA web site including a brief statement on why a contract was awarded.

Prohibit HOAs from issuing SLAPP suits/letters that are threatening and aimed at quieting a homeowner's right to contest policies and HOA governance.

Setting an amount limit on attorney fees or management company assessments charged to and paid by the homeowner involving collection of fines, fees and covenant violations which are not related to court costs at \$500. [Details ctrl + click to follow link to details](#)

HOAs will include in their governing documents a mold resolution policy. [Details ctrl + click to follow link to details](#)

All HOA violations, fines or other matters in which a homeowner receives a notification letter will provide for a hearing between the HOA Board and homeowner to challenge/ dispute. Rejecting the request for a hearing must be satisfied by the HOA within five days of a homeowner request or the issue will be considered null and void and not be pursued any further.

HOAs will include in their rules or governing documents a statement that they are authorized to develop parking and speed limits [Details ctrl + click to follow link to details](#)

HOAs will review their HOA governing documents and rules at least once a year and make changes or amendments to ensure they are up-to-date with State HOA laws and any changes to rules within the community or other matter related to HOA governance. All changes to the Declaration or rules must be communicated to homeowners by email and posted on the HOA website. The updates must be available at the HOA clubhouse in hardcopy.

All HOA homeowner complaints submitted to the HOA Office, HOA Board or HOA's property management company will remain anonymous and confidential as to the filer of the complaint.

Payment plans offered to an indebted homeowner by an HOA Board will have a single plan of no more than 12-month repayment period and if defaulted upon the HOA can proceed with lien or foreclosure on the property. There will be no renegotiation or second payment plan offered on the debt.

HOAs can't bill a homeowner for the issuance of a first and second notification letters related to violations or outstanding debt of not more than \$35 with such charges limited to mailing and preparation.

If a home owner chooses to pursue litigation in court and loses their case the HOA can awarded their legal and other costs on the case subject to a \$1,000 maximum plus the amount of the debt in dispute.

The HOA Office will implement greater quality control over the data collection process to ensure it is complete and accurate and not accept any registration until all data requirements are complete.

HOAs will provide for a member(s) of the Board to attend executive and community meetings via Zoom and not require their physical presence

HOA community and other Board Meetings, excluding executive sessions can be recorded by homeowners and HOAs can set their own rules on video recording/picture taking.

Licensed Realtors will be required complete an HOA educational course to be prepared by the HOA Office providing a general overview of HOA governance and finances

Any HOA or its' property manager company that knowingly provides incomplete, inaccurate or misleading information to a homeowner or other source will be subject to a \$25,000 and/or non-monetary damages and the statute of limitations for pursuing such a violation is 3 years from the date of infraction

HOA Assessment Income protection with rentals: [Details ctrl + click to follow link to details](#)

Payment of Assessments [Details ctrl + click to follow link to details](#)

Prior to home sale the HOA will conduct a visual external home inspection of the property [Details ctrl + click to follow link to details](#)

Reduce the two 30-day periods provided to the homeowner to cure/resolve a fine, fee, assessment, or other financial obligation or corrective action to 15 days.

Accrual accounting will be the mandated method of accounting for HOAs and other entities providing accounting services for the HOA

HOA Property Management Company contracts must be approved and renewed each year and not be automatic. Prior to renewing any contract the HOA Board will solicit comments from homeowners on their satisfaction level with the existing HOA property management company.

Specifics on statute of limitations on structure violations and covenant violations to be included in HOA governing documents

Require *Directors and Officers Insurance* (“D&O Insurance”)

D&O Insurance protects against errors and omissions made by officers and directors while they were serving on the board.

Details on Priority One Reform Issues

Priority One #1 Details Implement an out of court binding dispute resolution process within the State HOA Office to resolve HOA home owner complaints with their HOA Board that only concern violations of State HOA law and/or HOA governing documents and exceptional cases as approved by DORA. [NOTE: if this process is not implemented into law there is no need/benefit in passing more HOA legislation as enforcement of such additional legislation into HOA State laws will remain mostly unenforceable from the homeowner’s perspective.](#)

This process for Dispute Resolution (DR) between the homeowner and HOA would be located within the State HOA Office. The Office would receive, review, investigate and render decisions on homeowner complaints only related to enforcement of State HOA law (CCIOA) and a homeowner’s HOA governing documents. It would not handle homeowner complaints related to recovering monetary damages against an HOA, complaints against HOA property management companies, felony issues, used to appeal a court case, would not be used after the homeowner originally indicated they elected to use the DR versus the court system or other homeowner complaints identified by DORA through their experience in processing complaints. The Office would be empowered to resolve complaints through injunctive relief and penalizing HOAs by way of non-monetary means when a homeowner’s complaint is found to be valid.

Homeowners could file a complaint that only seeks an opinion from the Office in support of any court case they may pursue through the court system: declaratory statement from the Office.

The Office can cancel or adjust a fine amount or reduce/cancel legal fees if the complaint is found to be valid and not already paid. Small Claims or other level of the court system would still be available for dispute resolution

for the homeowner. The Office would receive, review for acceptance or rejection, investigate and render decisions on complaints. This is to be funded through an HOA registration fee of \$3.00 per year per home. A non-refundable complaint filing fee of \$35 would be assessed to mitigate the filing of frivolous complaints and to defray costs of processing. The Office would be empowered to impose injunctive relief and non-monetary penalties for HOA non-compliance with CCIOA or an HOA's governing documents. Monetary penalties would exist only for issues such as refusal to provide access to records but HOAs could recover such fine through recovery from their PM (if the ruling indicates the PM is the reason or root of the violation). The HOA Office would not serve as legal representation for a homeowner but could discuss the law and options on resolving complaints with homeowners. The Office can recommend "receivership" of the HOA if findings suggest the HOA is being managed incompetently and in financial distress. The Office has the authority to invoke penalties on an HOA including the removal of an HOA Board member(s), suspend the HOA's authority to impose fines, liens or pursue foreclosures, and other penalties as deemed appropriate by the Office. The Office would retain all responsibilities of its' current mission statement and any funding sources but all new funding requirements would be from HOA registration fees. Change CCIOA and in HOA governing documents to indicate **partial or substantive** compliance (by the homeowner or HOA Board) will not be considered compliance with a covenant or rule by either the homeowner or HOA Board and a Board can't use its' discretion to not enforce a covenant or rule unless it can be justified that such action is taken to protect the health and safety of the community. Small Claims court decisions will not base any ruling in favor of a plaintiff on the same criteria.

[Additional details of this proposal can be found on the Forum's website home page.](#)

Priority One #2 Details Reinstate the HOA property manager (PM) licensing program that was vetoed in 2019

Overview: Improve upon the previous program with the following: 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 that are 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 assessments; 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 and 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 or loss of license; no PM can defend any action in 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 used by the HOA, considered in contract bidding and/or awarded any contract. 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; PM unjustified denial of records access to a homeowner can result in a the penalty up to \$5,000 per event; the 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; and any litigation pending against the PM and any litigation settled against the PM in the past three years. Under this program DORA can assess fines or other punitive actions for the first and subsequent violations and revoke a license. This program will accept, investigate and render enforceable decisions. 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. 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 circumstance. Previous requirements in the PM licensing law would be retained as appropriate. State Sunrise Report supports licensing. Funding for this program would be like source of the previous law. This program licenses individual PMs and those providing oversight of PM work. 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. Consideration to modify educational standards and costs to acquire a license for a person servicing small HOAs and those first-time applicants (not previously holding a position of a PM): DORA would develop the program for these applicants. Included in any licensing law will be requirements to be fulfilled by the PM when an HOA changes management companies. DORA will develop a list of changeover tasks to include: a meeting between the current PM and new PM to discuss the DORA task list and developing a plan, the list will include timeframes to complete tasks, beginning date of changeover, if a task can't be completed the PM(s) will notify the HOA Board for a solution, ensure a new PM contract is issued and the previous one terminated, data (both electronic, hardcopy or other forms) concerning HOA governing documents, financial information, homeowner identifying information, outstanding issues between the PM and homeowners and other data identified by DORA is turned over to the new PM, the former and new PM will reconcile and confirm financial accounts, all authority extended to the former PM concerning decision making and financial transactions will be terminated established for the new PM based on the new contract, a confirmation from the new PM that all financial accounts will be deposited in Colorado licensed financial institutions and that no HOA funds are to be deposited with other state financial institutions, and other issues. The HOA will monitor the changeover and any task not satisfactorily completed will be consider a violation of the licensing program and subject to DORA defined penalties. Additional mandates: This program licenses individuals and not the PM Company. This program will be enforced by DORA with fines for violations being monetary or licenses suspension. All PM contracts with HOAs will indicate the PM must comply with all State laws and the HOA's governing documents any CAM directly or indirectly involved in non-compliance with such laws is subject to fine or license suspension as determined by DORA. A PM in violation of their licensing responsibilities more than three times in a year will automatically have their license suspended and subject to fine by DORA. A PM who loses their license will not be able to work in such capacity or be involved in a business interest in PM industry for at least 12 months or longer as determined by DORA. Licensing requirements from the previous PM program will be included into any new program with the enhancements above. Special considerations to encourage small businesses to enter this professional and to provide opportunities to disadvantage groups (define) will be developed by DORA and include support such as reduced

educational and license costs. Small HOA PM with less than 30 homes will be provided a lesser set of educational requirements more focused on such communities and at a reduced cost. There will be a limit to the number of HOAs managed by any one PM at any time of five.

Priority One #3 Details State HOA data base and HOA Registration

Expand upon the HOA Registration process to include a requirement that each HOA download HOA official documentation into a State HOA data base. Specifically, but not limited to documentation required by DORA in the Contract to Buy and Sell Real Estate. This would not include any personal or proprietary information. Access to this non-personal, non-proprietary or confidential information is at no cost to the user and all such documentation will be considered current and correct and confirmed as such through the HOA registration process. It will be the same information used in closing processes to the greatest extent as possible and noted as such in this process. Funding to create and maintain the data base will be through HOA registration fees and be no more than \$.50 a year per home. The data base would be maintained by the State HOA Office that is responsible for HOA registrations. The information technology, personnel and other costs in support of this effort be housed and under ownership of the State HOA Office. Non-monetary penalties can be assessed the HOA for non-compliance as defined by the Office. This is a cost saving initiative for HOAs and homeowners to the value of \$10-12 million a year for homeowners and will be highly useful to the State and others involved in housing issues and to prospective home buyers and other doing research on the HOA industry. This proposal doesn't rely upon implementation of #1 or #2. The HOA registration process will include confirmation of required tasks concerning insurance, updating documents, information dissemination, Board member educational requirements, maintenance responsibilities and other task confirmation as defined by the HOA Office. Non-compliance with these mandates can result in penalties authorized.

Priority One #4 Details CCIOA must have a defined statement concerning HOA responsibilities to homeowners in maintaining the community. This includes providing a venue to gain an injunction against the HOA to ensure that all community owned land and facilities are maintained in a usable and safe manner and/or to correct issues that contribute to the overall expected standards of the community including ensuring those services defined in the HOA's contract with their property management company are completed and completed with reasonable expectations. Homeowners will be entitled to, upon request, a hearing with the HOA on such complaints with the results of the hearing for use, as needed, in Small Claims Court or other venue. Non-monetary penalties can be imposed on the HOA for non-compliance with their fiduciary responsibilities concerning community maintenance including but not limited to precluding the issuance of covenant violations, precluding the HOA from placing liens or pursuing foreclosures until the issues are corrected or the removal of a Board member(s). If a homeowner complaint on community maintenance is found to be valid and supported by the HOA's governing documents injunctive relief will involve requiring the HOA Board to submit to the Court within 10 days after a judgement a maintenance plan for the community identifying needed and/or immediate repairs and maintenance, how it will raise the necessary funds to complete the initial repairs and future maintenance of the community, how it will fund the HOAs reserve account and plans on ensuring the reserves are adequate, and reporting to the court after three months the current status of community maintenance. In addition, if the HOA is in a mostly total state of operational and financial management the court can order the HOA go into receivership. HOA Boards will meet with their Property Management (PM) Company at least once a month and review the Boards satisfaction level with the PM, outstanding items and corrective actions to remedy problems between the Board and the HOA. DORA will develop a standard form for HOAs to complete this task.

Priority One #5 Details HOA Home Sale Transfer Fee and Status Letter Reform: This fee is assessed home sellers 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. A home inspection of the property is not required but an HOA can complete this task as stated in their Declaration prior to home closing and any issues unresolved will be listed on home closing documents. A home inspection for covenant violations can be requested by a home seller or other authorized party but will be payable upon such request. The cost of the home inspection for covenant violations will not exceed \$100 and findings documented and presented to the HOA and home seller and be part of the home closing process. 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. **Special requests and related processing costs by the home seller related to home closing will be documented and accompanied by a detailed invoice indicating that the charges to the home seller are for unreimbursed costs incurred by the PM or HOA that have not been previously paid for through HOA assessments and are unique and extraordinary and only incurred by the HOA's management company due to the home sale.** A line entry on the home closing documentation without a detailed invoice will not be considered compliance with this mandate. The HOA will approve all such home closing billings by their property management company. The HOA's contract with their property management company (PMC) will not 1) automatically authorize the PMC to bill a home seller for any amount related to home closing processes and all charges in the contract will have to meet the standards in this mandate or 2) be justification to hold up/suspend the home closing process if such charges are not paid by the home seller. A

statement on the invoice provided to the home seller for any HOA home sale transfer fees or Status Letters will contain verbiage: 1) indicating that all charges for HOA documentation and a home seller's account statement will be free of charge except for mailing and handling as indicated in State HOA law (CCIOA) not to exceed \$50 which must be documented on the invoice to the seller and the \$50 not considered a default charge but a charge that is acceptable with justification 2) that indicates the HOA will not retain the payment of the invoice 3) that all charges are for unique and extraordinary expenses incurred by the HOA and/or its management company in behalf of and approved by the home seller and HOA and as applicable 4) that specific charges on the invoice were the result of a special request by the HOA or home seller. No fees can be assessed a home seller for an HOA or their PMC to confirm the home closing documentation and account statement are official and up-to-date. A PM or HOA Board can demand payment from the home seller at the time of and prior to any special request being completed.

Priority One #6 Details HOA Foreclosure and Equity Protection Reform:

The content and requirements in this document will not change unless found to be inappropriate, ineffective, incorrect or too costly to implement. This proposal is intended to build upon HB 22-1137 foreclosure issues. It includes provisions that mitigate the possibility of a homeowner losing all their home equity in an HOA foreclosure sale and precludes a foreclosed home from being sold for a small fraction of its worth. The computed minimum sales price (CMSP) in the HOA foreclosure under this proposal will allow the homeowner to compare the CMSP to solutions offered during the mandated credit counseling to allow for making an informed decision on how to proceed during the foreclosure process. This proposal will be funded by HOA registration fees and will not require taxpayer general funding. Implementation costs are mostly associated with forms development which are one-time startup expense with minimum future/recurring expenses.

Homeowner equity protection has two primary purposes: 1) prevent or mitigate the loss of homeowner equity with an HOA foreclosure by setting a minimum sales price and 2) requires the homeowner be informed about options to stop/cure a foreclosure and remain in their home and/or reduce the total cost to the homeowner in a foreclosure. This proposal would: be included in the HOA's billing and collection policy, require this information to be posted on the HOA's web site and emailed to all homeowners once a year; be presented to homeowner's once a year at a community meeting; and require HOA compliance with this proposal to be confirmed as part of the HOA yearly registration. The State HOA Office will email HOA foreclosure policy to all registered HOAs once a year and develop a presentation template for use by HOAs in disseminating this information to homeowners.

Foreclosure and loss of all or most of homeowner equity can be avoided but too often the homeowner is unaware of options to stop/cure the foreclosure. The sales price of the home is a critical factor in protecting homeowner equity. There is a balance between setting a minimum acceptable foreclosure sale price and setting a sales price that will make the home financially appealing to investors and others at the HOA auction. This equity protection proposal will not result in all foreclosed home sales protecting all or even part of the homeowner's equity. Properties with little homeowner equity, costly liens and/ or a large outstanding mortgage most likely can't have homeowner equity protected (see examples below). However, the "60% of market value less inherited debt rule" to be used in setting the CMSP can provide meaningful homeowner equity protection while allowing for such purchase to be appealing to investors and other home buyers.

HOA debt collection policies affect foreclosures. They must be simple and understandable and fair. Debt to the HOA by the homeowner mostly involves delinquent assessments, special assessments or charges to a homeowner to recover financial damages. Fine collection generally relates to violations of covenants. One major difference between the two is debt collection can result in foreclosure but fine collection can't.

Homeowner HOA debt collection procedures must comply with CCIOA notification procedures else the forfeiture action becomes invalid and the HOA would have to begin the process anew. Notification and credit counseling are an important part of the foreclosure process and this proposal. This must be made mandatory. Upon the first notification to the homeowner that the HOA is pursuing filing legal documents to foreclose, the HOA will offer credit counseling to the homeowner to: educate them on options to avoid foreclosure; inform them of how to regain ownership of their home post foreclosure; how to utilize the equity in their home to retain home ownership; use financing options and other means to protect their equity; and how to negotiate with the HOA to cure the debt. The cost of credit counseling is paid by the homeowner. DORA will develop a form for the HOA and homeowner to sign that indicates credit counseling has been completed. The form will be posted on the HOA Office website, sent to all registered HOAs and be posted on the HOA website. DORA will post a list of credit counseling businesses on their web site.

No HOA foreclosure can result in the CMSP price (winning bid) less than 60% of market value less financial obligations inherited by the home buyer. If the calculation results in a zero or less minimum sales price then the opening bid and/or sales price will be the amount owed to the HOA. If the calculation results in a positive amount such amount is valid.

This proposal will ensure that the HOA debt is cured upon the sale of an HOA foreclosure and that the "HOA super-lien" remains valid.

This proposal will not inhibit the HOAs ability to enforce covenants.

All foreclosure notifications and other correspondence to the homeowner after missing the fourth notification cure date will be by certified mail and paid for by the homeowner.

An HOA can charge the homeowner an administrative fee up to \$50 when the fourth notification notice cure date is missed and upon turning over the debt to an outside collection authority or attorney.

Attorney fees and related charges to a homeowner in a foreclosure are capped at \$2,000. This includes all attorney fees and other charges during the total foreclosure process. Fees above this amount will not be the responsibility of the homeowner or HOA.

Notification and letter issuance charges sent to a homeowner from an HOA property management company or legal firm concerning any HOA debt or fine will be capped at \$35 plus mailing and delivery charges.

Homestead exemption: Most home loans have a provision whereby the homeowner agrees to forfeit their right to this exemption. Homeowners with no outstanding loan can use the exemption to protect equity. This will be explained during credit counseling.

Examples of computing the CMSP on page three below.

Examples: Assumes the buyer inherits any outstanding loan debt plus a debt to the HOA of \$8,000. Other possible liens on the property will not be considered but this will not skew the results.

Foreclosure Computed Minimum Sales Price (CMSP)

Precludes a Home from being sold for less than 60% of Market Value less all liens on property

- 2) Prevents home sales at HOA foreclosure auctions from being sold at a fraction of a dollar that can result in a homeowner losing all their equity.
- 3) Minimum sales price is set to promote bids from investors/home buyers
- 4) CMSP presents the homeowner with a financial picture of the outcome using a CMSP vs Options present to the homeowner during credit counseling.
- 5) The chart below illustrates a foreclosure on a home with a market value of \$400,000, an \$8,000 lien by the HOA and an outstanding loan (the outstanding loan amount can be computed by subtracting \$8,000 from the total debt inherited by the buyer, column (2))
- 6) An important use of the table below is that the homeowner in these examples can compute their equity, see the minimum sales price and resulting amount of their equity retained. The homeowner can compare solutions offered in credit counseling vs the minimum sales price of the home under this proposal.
- 7) If the 60% calculation is zero or less the minimum bid and CMSP will be equal to the HOA debt

**Examples of HOA Foreclosure Equity Protection Proposal
Presentation on Determining the Computed Minimum Sales Price (CMSP)**

(1) Market Appraisal	(2) Debt Inherited By Buyer	(3) Homeowner Equity (1) less (2)	(4) Adjusted Mkt Value (1) X 60% Used in Determining CMSP	(5) CMSP* (4) – (2)	(6) Distribution of Home Sale Proceeds: Lien holder/ Homeowner	(7) Home Equity Protected
400,000	8,000	392,000	240,000	232,000	8,000/224,000	224,000
400,000	108,000	292,000	240,000	132,000	8,000/124,000	124,000
400,000	208,000	192,000	240,000	32,000	8,000/24,000	24,000
400,000	308,000	92,000	240,000	8,000	8,000/0	0

*The total cost to the buyer equals the CMSP + inherited debt (5) + (2)

Priority One #7 Details Improve and expand upon the information provided to home buyers during the home closing process

Such information should be presented in a usable, readable and understandable format and not solely through print outs of legal documents or copies of an HOA's governing documents. The Contract to Buy and Sell Real Estate can be changed by DORA without legislation and develop such requirements. All information provided on the Contract will be shared with current homeowners through email, community meetings and/or on the HOA website as determined DORA.

Disclose to the home buyer if the HOA is on any financial institution "Black List" of communities that would have difficulty in obtaining a home loan approval.

Home closing disclosure should include a comprehensive and easy to read disclosure of the HOA's most recent reserve fund study including the current balance of such funds and any plans to replenish depleted funds; Metro District debt on the property; easy to read covenant and rules; issues concerning insurance coverage; easements; pending/approved special assessments and litigation; maintenance responsibilities; and other issues as determined by DORA. This can be accomplished by a simple form, in addition to the legal documents, for each topic. The HOA will complete the form (which will serve as the basis for all future home sales documentation with necessary changes). The forms to be developed by DORA.

The same information presented to home buyers will be presented to homeowners once a year at a scheduled meeting and posted on the HOA website.

The home buyer and their agent/Realtor to certify they received, read and understand the HOA governing documents and other information required on the Contract to Buy and Sell Real Estate prior to home closing. A detailed proposal on disclosure and information dissemination to homeowners can be found on the [Colorado HOA Forum's website](#).

Priority One #8 Details Failure to release HOA documentation to a homeowner or Board member upon request: Details

HOA documentation and records belong to an HOA. An HOA can have their property management company (PMC) store and maintain such records based on their contract with the PMC. Requests by a homeowner or other authorized person/entity for records access can be either to an HOA Board for approval or to the PMC if given the authority to oversee this task. The ultimate authority in overseeing HOA records requests rests with the HOA Board that can override any decision by a PMC in records release. CCIOA and an HOA's governing documents indicate that a homeowner has the right to access HOA records (except for those with propriety, legal or personal information) at no cost except for identified mailing, shipping and handling costs. If an HOA and/or a PMC denies a homeowner's request for documentation it must explain the denial in writing in reference to CCIOA or the governing documents within three working days of the request. The unjustified denial of records access: 1) unjustified denial of records access to a homeowner by the HOA Board without involvement or actions of a PMC will allow the homeowner to file a complaint with the State HOA Office (when this Office has authority to investigate and render decisions) or go to Small Claims and seek injunctive relief to gain access to the records. If the Court rules in favor of the homeowner, it can fine the HOA up to \$500 (retained by the homeowner) plus the homeowner's legal costs and/or assign a non-monetary penalty such as the removal of a Board member(s), preclude the HOA from imposing fines for a period of up to six months or other non-monetary penalties as defined by the DORA/HOA Office. 2) an unjustified denial of a homeowner's records access by a PMC that can't be resolved through the HOA Board due to the resistance or action by a PMC can result in a non-monetary penalty to the HOA plus a financial

penalty to the HOA of up to \$5000. The HOA will pursue legal action against the PMC to gain records release through injunctive relief and the court will also direct the HOA to collect the \$5,000 penalty plus their attorney fees in Small Claims Court or by reducing any current and future financial obligations to the PMC. 3) If a PMC unjustifiably will not release records to the HOA Board the dispute must be taken to the Court/HOA Office for litigation in gaining injunctive relief to release records and the court/HOA Office will direct the HOA to fine the PMC \$5,000 plus any attorney costs which can be recovered in Small Claims Court or through reducing future

payments to the PMC. The process to request records by a homeowner is defined in CCIOA and if a homeowner doesn't comply with such requirements a denial is justified. This requirement to be included in all HOA contracts with their PMC. The fine imposed will consider the income and/or size of the HOA.

Priority One #9 Details Voting Reform: require the approval of annual budgets, assessments above a certain threshold, capital investment produces, litigation and construction defects law suits to use vote by mail ballots.

Election and voting reform including: banning default proxies or other ballots to Board member(s) or other persons: preclude hoarding proxy ballots by any Board member and preclude Board members from being involved in proxy ballots; **vote by mail will be used** by the HOA to complete changes to the Declaration or by-laws, budget approval, approving major projects/capital investment projects (dollar amount to be determined), approving law suits entered into by the HOA, construction defects law suits, Board member(s) recalls, special assessment approval/rejection (** see priority two on this issue), and any issue requiring homeowner approval and capital investment or other loans above a certain amount. Special procedures can be used for those with the inability to participate in vote by mail on an individual basis. The above tasks will not be completed at an HOA meeting. Incorrectly completed ballots are to be retained by the HOA and considered a non-vote and not defaulted to any person: the definition of an incorrectly completed ballot includes ballots with no signature, voting for more than one candidate when only one can be selected, not voting for any candidate or issue on the ballot, a ballot received from an unauthorized person or any ballot not in compliance with instructions accompanying the ballot. DORA will develop a standard ballot and mailing and return mail/drop box envelopes for Board elections and other issues requiring a mail in ballot. HOAs will provide drop boxes for ballots. Board members will not be involved in handling or counting ballots. All ballots will include an explanation of the proposal, why needed and the consequences of not completing the proposal and the estimated cost and timeline for completion. **A vote of the homeowners using vote by mail will be required to sell, lease, exchange, or otherwise dispose of all or substantially all of its property in the usual and regular course of business ;**

Priority One #10 Details Preclude partial or substantive compliance in enforcing HOA covenants and in justification of court decisions unless such enforcement of covenants involves a health or safety issue or otherwise such partial compliance can be shown to interfere with the operations and maintenance of the community.

Priority One #11 Details Special assessments (above an amount to be determined) proposed by the HOA Board will require a vote of homeowner approval utilizing vote by mail.

The special assessment proposal will be presented at a homeowner meeting prior to mailing out ballots. The ballot will explain the need, cost, and timeline of the special assessment how it will be funded. Special assessments are passed or rejected when the vote count for either YES or NO equals 50% plus one vote: this is 50% of the votes counted and not 50% of all homeowners. In the event of a tie the initiative is void. The requirement for an assessment vote by mail will be based on the amount of the assessment, revenue of the HOA and/or size (number of homes) in the HOA: DORA/State HOA Office will determine the criteria to trigger a vote by mail. DORA will create a recommended form to be sent to homeowners with the ballot. This requirement can't be over ridden or avoided by verbiage in the HOA's governing documents. [Details](#) ctrl + click to follow link to details

Details on Priority Two Reform Issues

Vote on capital improvement projects: The ballot will explain the need and justification for the project, how it is or isn't supported by a reserve fund study, the anticipated cost of completing or costs if not approved, confirmation that the project involved competitive bidding and that any costs associated with management company oversight be identified and by whom and how they qualified to complete oversight responsibilities. Post this documentation on the HOA website concerning the project plan and time line for completion and oversight and any contingencies for cost overruns. Notify homeowners of the impact on their assessment, the need to fund through a special assessment or if the reserve fund will pay for the project in full or in part or will a loan be required to fund the project. Vote by mail will be used in the homeowner approval process. All information on this referendum to be posted within 30 days of a vote. A presentation to homeowners will proceed the mailing out of ballots.

HOAs and their management company will maintain only one, official, up-to-date and current data base or filing system of documentation. Any statement 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. Homeowners will have access to such information at no charge other than for mailing and handling through the HOA website or by a request via email to the HOA Board and their management company. Documentation requests will be completed within seven days of a homeowner request or other authorized agent of the homeowner.

Details on Priority Three Reform Issues

HOA Insurance: 1) Require HOAs to complete a presentation each year on the topic of insurance; inform homeowners of their financial responsibilities in the event of a disaster, explain how the HOA can/must pay its deductible in the event of a major repair or replacement of community property; explain how the HOA's insurance policy deductible was determined; explain the recommended homeowner's insurance policy for residents such as an HO-6 policy and explain the option to obtain loss assessment insurance that can mitigate a homeowner's out-of-pocket expense with an insurance special assessment to cover an HOA deductible on the community master insurance policy and 2) include as part of the HOA registration process a confirmation that this process has been completed and 3) require as part of the home closing process that home buyers be provided with the above information. 4) valuation of HOA assets will be based on replacement cost 5) the minimum HOA master insurance deductible will be 10% on a given claim or other percent as determined by DORA 5) complete an HOA asset valuation study at least every other year upon which the HOA will base its insurance coverage

Check writing, money transfers and funds withdrawal: All checks, money transfers and funds withdrawals from HOA accounts will require at least one Board member's authorized signature or other means of Board member documented approval. The exception being disbursements from petty cash or involving small purchases considered to be under \$50. Any withdrawal of HOA funds over \$5,000 will require a majority approval of the Board. No management company hired by the Board can independently authorize other than minor expenses defined as \$50 or less. Bank check registers and statements indicating the payee on funds withdrawal will be posted on the HOA's web site and/or available to a homeowner upon request at no cost. Supporting

documentation on funds withdrawal will be available to homeowners upon request at no cost. As part of the HOA registration process a confirmation that the authorized parties related to HOA banking/financial institution accounts have been confirmed and are in compliance with this aforementioned mandate. The HOAs contract with the property management company will indicate this information. Homeowners will have the right to request and review HOA bank accounts, check registers and other financial records.

HOA attorneys and HOA property management companies will be required to abide by an HOA's governing documents and State HOA laws equal to that required of an HOA Board. Their knowledge of, participation in or not taking action to correct a violation will be a breach of their contractual and ethical responsibilities with the HOA and in violation of State law and subject to penalties to be defined in State HOA law (CCIOA). This clause to be included in any contract with the management company or lawyer. HOA Board members required to certify they have read the HOA's governing documents and have taken recommended training material provided by the State HOA Office within four months after being elected to the Board. This is confirmed with the annual registration of the HOA. No cost to HOA or Board member. This requirement will not be used to hold any Board member further accountable for their actions or financially responsible for any event so long as their actions were conducted in a fiduciary manner. The HOA can be penalized if this is not completed through the enhanced HOA registration process and requirements.

Setting an amount limit on attorney fees or management company assessments charged to and paid by the homeowner involving collection of fines, fees and covenant violations which are not related to court costs at \$500. Attorney and management company fees for legal representation at any court case involving such collections will be capped at \$1,000. Legal/attorney fees/management company charges to the homeowner for issuance of notifications or other letters to be capped at \$35 per notification plus mailing and handling charges. Attorney fees related to any lien or foreclosure action charged to the homeowner are capped at \$2,000 which does not include notification letters leading up to any lien or foreclosure. The maximum amount that can be charged by any collection agency in the collection of HOA debt is \$500 or 25% of the amount recovered plus notification and handling charges. The HOA can pursue collection from the homeowner for all collection charges.

HOAs will include in their governing documents a mold resolution policy. Condominium mold issues and related financial responsibility will be settled between the HOA and the homeowner within one month after the homeowner first notifies the HOA Board and management company or the homeowner can proceed with correcting the mold issue with their own funds and being reimbursed by the HOA. Settlement is defined as having a documented plan for corrective action and financial responsibility. The complaint will be supported by the findings of a professional experienced with mold issues, identifying the suspected cause of the mold, estimated cost to end the mold problem and excerpts from the HOA governing documents on why mold issues are the HOAs or homeowner's responsibility. The homeowner will involve their homeowner's insurance agent requesting their opinion and coverage of the situation and forwarding this to the HOA and management company with their initial complaint. The HOA will involve and get written statements from their insurance company and management company about action to resolve the issue and financial responsibility within 30 days after initially being informed of the mold issue. If an agreement is not accepted by the homeowner and the HOA then the case will be litigated through a state arbitrator who has enforcement authority. This process to be extended to homeowner issues relating to maintenance and repair issues that impact the homeowner's health and safety. Attorney fees chargeable to the homeowner by the HOA in the event the arbiter finds their complaint unsubstantiated are limited to \$3,000. If the homeowner is found to be successful during arbitration,

they can recover up to \$3,000 in attorney fees. The cost of arbitration will be paid for as determined by the arbitrator.

HOA Assessment Income protection with rentals: HOAs with a vote of the homeowners can preclude rental properties, limit the number of rentals in the HOA and place limits on short term rentals and such information provided during home closing and presented to homeowners at a community meeting and email once a year. As a rental policy HOAs can enter into any homeowner documentation required approving the rental a clause that indicates the homeowner will upon receiving a monthly rental payment first pay the HOA assessment and any outstanding financial obligations with failure to do so and upon being delinquent for more than two months on assessments and/or having any other financial obligations to the HOA older than two months can proceed with placing a lien on the property with proper notice providing a 30 day cure period to the homeowner prior to proceeding with foreclosure. This provision is an exception to existing notification and collection processes in CCIQA

Assessment payment due dates: HOA's will provide a hearing to a homeowner in response to their request to change the due date for payment of an assessment that is based on a hardship situation. This change is not related to a one-time payment but permanently changing the recurring due date. Any change will not be subject to a recurring late fee charge or any other administrative charge based on the previous due date. HOAs will be required to accept a different pay date for those on fixed income or government subsidies to allow for the homeowner to receive such income and subsequently pay their assessment. If the homeowner fails to pay on time twice consecutively or four time in a year this privilege will be revoked.

Payment of Assessments: HOAs will not be required to accept credit cards for assessment payments but must accept personal checks (checks with insufficient funds will result in a charge to the homeowner) and funds transfer from a homeowner's financial institution. The use of crypto currency can't be mandated. Cash payments will be permitted on an exception basis. In the event a personal check is found to have insufficient funds the HOA can deny further privilege to pay in such a manner. Payment of assessments or debt to the HOA by credit card can be assessed a fee of up to 10% of the amount owed or up to \$50 whichever is lower

Prior to home sale the HOA will conduct a visual external home inspection of the property to identify any existing violations and through home closing disclosure such violations will be identified to the buyer, related cure/corrective dates and outstanding fines related to the violations. The home inspection cost to the home seller is no more than \$50 and such charge will be documented on an invoice to the home seller and indicate the date of home inspection and findings. The HOA Office will develop a template that can be used in home inspection.

If the HOA's billing and collection policies and foreclosure processes are not included in their web site posted, last distributed or home closing disclosure and/or if such information has not been updated/reviewed in the past five years or is contradictory to CCIQA, billings and issues with homeowners is not valid.

HOAs will include in their rules or governing documents a statement that they are authorized to develop parking and speed limits within and on streets owned and maintained by the HOA but the HOA has no authority over rules for public roads and must comply with local government needs on HOA property for emergency and safety issues. Any speeding violations are not approved by or recorded on the violators official state driving records. The method to assess fines for violations and the means of enforcement must be explained and indicate how this was approved.

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Issues for Reserve Fund Reform:

Require a reserve fund study every three years completed by a professional or using personnel within the HOA. Every five years the study will be completed by an outside/contracted service. Smaller HOAs of 50 homes or less and those with less than \$100,000 a year income will be required to complete the three-year mandate with internal personnel but not the five-year requirement. DORA will develop standard forms and procedures to complete this task and minimum requirements for an acceptable reserve fund study including certifying results and appraising homeowners and home buyers.

The result of all reserve fund studies will be posted on the HOA's web site, presented to homeowners at a community meeting and emailed to all homeowners.

The minimum content of the reserve fund study will be proposed by DORA and signed by a Board member and the person completing the study.

As part of the HOA registration process, the HOA will confirm the last time a reserve fund study was completed.

HOAs will complete an asset valuation and status study each year for use in completing reserve fund studies and in acquiring the community master insurance policy. This can be completed with internal resources or through a professional resource. DORA will develop and provide a template for use to complete this task to minimum requirements and procedures on disseminating information to homeowners, home buyers and others. This study will identify maintenance and repair issues that are identified and affect the value of the community asset.

The HOA will develop a response and plan to the findings of the reserve fund study and indicate how the financial obligations and funding requirements for homeowners will change as a result of the study.

Any special assessment related to the reserve fund study above X (to be determined) will require a vote by mail ballot vote of homeowners explaining at a minimum the total community amount of special assessment, the special assessment to each homeowner and how it will be collected, when the special assessment will begin, the reason for the special assessment and the consequences of not approving the special assessment. DORA will develop a standard form for use by HOAs for reserve fund special assessments.

HOAs deposit all reserve funds in a separate cash account.

The use of reserve funds can only be used to maintain and replace community assets, for items and issues identified in reserve fund studies and as defined in CCIOA. An HOA can borrow from the reserve fund in emergency and safety situations, for critical unplanned needs of the community and for health and safety issues in an effort to avoid costs associated with financial institution lending or to avoid a special assessment. Such withdrawals will be explained to homeowners via email and at a community meeting, noted on financial statements and require a repayment plan to the reserve fund.

All HOA financial statements will contain a note on the adequacy of reserve funds

An HOA is required to maintain a level of at least 50% (or other amount to be determined) of the reserve fund study recommendation with the exceptions being after an HOA loan from the fund, upon a large withdrawal for planned events or due to other reasons deemed authorized in this proposal.

Reserve funds will not be used to complete and pay for operational and routine tasks.

HOA time share communities will be required to abide by mandates in this proposal.

Enforcement of reserve fund mandates will occur through the HOA registration process when the HOA confirms the reserve fund study was completed in a timely manner. Non-monetary penalties and/or removal of a Board member(s) can be issued by the HOA Office similar to other penalties and authority the Office has with HOAs that don't register.

Reserve fund studies will be provided to HOA home buyers during the home closing process. DORA will develop a standard form to apprise home buyers of the status of reserve funds.

Excess HOA revenue in any given year can be used to replenish Reserve Funds or reduce or cancel any reserve fund special assessment.

Requires the declarant to provide a reserve study at the time the declarant turns the common interest community property over to the association, along with reserve funds recommended by the reserve study.

Reserve fund requirements pertain to all registered HOAs.

Reserve funds will not be used to finance new community improvements and amenities.

HOAs are not permitted to avoid reserve fund study requirements but can vote to approve or deny a special assessment proposed to fund the reserve fund.

HOAs will allocate at least 10% of homeowner assessment income to reserve funds. This percent can be reduced/adjusted as needed to attain reserve fund goals.

An HOA can take special action on the use and maintenance of community amenities in the event a reserve fund special assessment is not approved by the homeowners.

A semi-annual audit of reserve funds will be completed by the HOA and results posted on the HOA's web site, presented at an HOA community meeting and emailed to all homeowners.

An HOA can defer maintenance/replacement issues when such tasks were to be funded by reserves but the fund is deficient/special assessment has been voted down. All deferred maintenance/replacement of community property that would be financed by the reserve fund will be communicated to home owners with an explanation of the deferred tasks, financial considerations in deferring tasks, when or if the deferred tasks will be completed/resumed and options available to gain funding for such tasks.

Homeowners can petition the Board to complete a reserve fund study or make a special assessment to create or replenish reserve funds at any time using vote by mail to authorize the study with a 50% plus one vote considered approving the petition.

Reserve funding of community assets will be based on the replacement cost of the asset(s)

An HOA can't acquire a loan to replenish reserve funds but will fund reserves via monthly assessments and special assessments.

Reserve funds will be deposited with a financial institution that is based in, registered in and regulated by Colorado government entities and not deposited in a financial institution in another state. Reserve fund investments are restricted to Federal financial instruments.

The specific use of HOA reserve funds will be described in the HOA Declaration including identifying all community assets related to reserve funding and the authority of the HOA Board to make decisions on delaying maintenance and availability of such assets in the event reserve funds are depleted to a level the assets are not functional or maintainable.

Require a reserve fund study every three years completed by a professional or using personnel within the HOA. Every five years the study will be completed by an outside/contracted service. Smaller HOAs of 50 homes or less and those with less than \$100,000 a year income will be required to complete the three-year mandate with internal personnel but not the five-year requirement. DORA will develop standard forms and procedures to complete this task and minimum requirements for an acceptable reserve fund study including certifying results and apprising homeowners and home buyers.

The result of all reserve fund studies will be posted on the HOA's web site, presented to homeowners at a community meeting and emailed to all homeowners.

The minimum content of the reserve fund study will be proposed by DORA and signed by a Board member and the person completing the study.

As part of the HOA registration process, the HOA will confirm the last time a reserve fund study was completed.

HOAs will complete an asset valuation and status study each year for use in completing reserve fund studies and in acquiring the community master insurance policy. This can be completed with internal resources or through a professional resource. DORA will develop and provide a template for use to complete this task to minimum requirements and procedures on disseminating information to homeowners, home buyers and others. This study will identify maintenance and repair issues that are identified and affect the value of the community asset.

The HOA will develop a response and plan to the findings of the reserve fund study and indicate how the financial obligations and funding requirements for homeowners will change as a result of the study.

Any special assessment related to the reserve fund study above X (to be determined) will require a vote by mail ballot vote of homeowners explaining at a minimum the total community amount of special assessment, the special assessment to each homeowner and how it will be collected, when the special assessment will begin, the reason for the special assessment and the consequences of not approving the special assessment. DORA will develop a standard form for use by HOAs for reserve fund special assessments.

HOAs deposit all reserve funds in a separate cash account in a Colorado based financial institution and such funds to remain in Colorado.

The use of reserve funds can only be used to maintain and replace community assets, for items and issues identified in reserve fund studies and as defined in CCIOA. An HOA can borrow from the reserve fund in emergency and safety situations, for critical unplanned needs of the community and for health and safety issues in an effort to avoid costs associated with financial institution lending or to avoid a special assessment. Such withdrawals will be explained to homeowners via email and at a community meeting, noted on financial statements and require a repayment plan to the reserve fund.

All HOA financial statements will contain a note on the adequacy of reserve funds

An HOA is required to maintain a level of at least 50% (or other amount to be determined) of the reserve fund study recommendation with the exceptions being after an HOA loan from the fund, upon a large withdrawal for planned events or due to other reasons deemed authorized in this proposal.

Reserve funds will not be used to complete and pay for operational and routine tasks.

HOA time share communities will be required to abide by mandates in this proposal.

Enforcement of reserve fund mandates will occur through the HOA registration process when the HOA confirms the reserve fund study was completed in a timely manner. Non-monetary penalties and/or removal of a Board member(s) can be issued by the HOA Office similar to other penalties and authority the Office has with HOAs that don't register.

Reserve fund studies will be provided to HOA home buyers during the home closing process. DORA will develop a standard form to apprise home buyers of the status of reserve funds.

Excess HOA revenue in any given year can be used to replenish Reserve Funds or reduce or cancel any reserve fund special assessment.

Requires the declarant to provide a reserve study at the time the declarant turns the common interest community property over to the association, along with reserve funds recommended by the reserve study.

Reserve fund requirements pertain to all registered HOAs.

Reserve funds will not be used to finance new community improvements and amenities.

HOAs are not permitted to avoid reserve fund study requirements but can vote to approve or deny a special assessment proposed to fund the reserve fund.

HOAs will allocate at least 10% of homeowner assessment income to reserve funds. This percent can be reduced/adjusted as needed to attain reserve fund goals.

An HOA can take special action on the use and maintenance of community amenities in the event a reserve fund special assessment is not approved by the homeowners.

A semi-annual audit of reserve funds will be completed by the HOA and results posted on the HOA's web site, presented at an HOA community meeting and emailed to all homeowners.

An HOA can defer maintenance/replacement issues when such tasks were to be funded by reserves but the fund is deficient/special assessment has been voted down. All deferred maintenance/replacement of community property that would be financed by the reserve fund will be communicated to home owners with an explanation of the deferred tasks, financial considerations in deferring tasks, when or if the deferred tasks will be completed/resumed and options available to gain funding for such tasks.

Homeowners can petition the Board to complete a reserve fund study or make a special assessment to create or replenish reserve funds at any time using vote by mail to authorize the study with a 50% plus one vote considered approving the petition.

Reserve funding of community assets will be based on the replacement cost of the asset(s)

The approval of an action/proposal at a meeting by homeowners present at the meeting will require 51% homeowner approval unless the HOA's governing documents indicate a greater percentage but in no event greater than 67%

The cost of a hearing between an HOA and an homeowner will be paid for by the HOA but will not exceed \$200.

An HOA can't acquire a loan to replenish reserve funds but will fund reserves via monthly assessments and special assessments.

Reserve funds will be deposited with a financial institution that is based in, registered in and regulated by Colorado government entities and not deposited in a financial institution in another state. Reserve fund investments are restricted to Federal financial instruments.

The specific use of HOA reserve funds will be described in the HOA Declaration including identifying all community assets related to reserve funding and the authority of the HOA Board to make decisions on delaying maintenance and availability of such assets in the event reserve funds are depleted to a level the assets are not functional or maintainable.

Recall of Board Member(s) recalls can be requested/accomplished by a homeowner(s) petition that requires signatures of 20% of homeowners for approval. Vote by mail will be used to complete a recall. Fifty percent of ballots plus one will gain approval of the recall. Board member(s) will immediately vacate their Board position if the recall is approved. No statement in the HOA governing documents can contradict this process. A recall of one or more of the Board can be accomplished on the ballot. DORA will create a recall petition form and send it to all registered HOAs and posted on HOA websites.

HOA Bank Accounts: HOA checking accounts, reserve fund accounts and other cash on hand or other liquid assets including funds from insurance settlements will be deposited in a financial institution conducting business in Colorado, registered as a financial institution in Colorado and/or be a state-chartered commercial bank or financial institution. The HOA will be required to review financial institution statements no less than 4 times a year with no requirement to hire a CPA or financial expert.

Election and voting reform to include banning default proxies to Board member(s), hoarding proxy ballots and preclude Board members from being involved in the receipt of any proxy. Utilize vote by mail for changes to the Declaration, Board elections, budget approval and any referendum requiring homeowner approval. Special procedures can be used for those with the inability to participate in vote by mail on an individual basis.

