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**DRAFT: the content will not change unless found to be inappropriate or ineffective. The detail provided with the Priority One issues will be display through a drop-down box to reduce the length of this document. Comments and suggestions continue to be provided from members thus new issues can be added.**

Legislative initiatives and governance policies for consideration by the HOA Task Force submitted by the Colorado HOA Forum. **The Forum's guidelines in reform preclude/will not:**

- Use taxpayer general funds: funding is from HOA registration fees
- Materially imposing any net cost on HOAs, their home owners or on HOA property management companies.
- Negatively influencing home owners from volunteering or increasing their legal responsibilities
- Involve personal attacks on any Board member, legislator, management company or HOA
- Inhibit the ability of an HOA to govern the community

**Note, if item #1 below is not implemented then most other HOA Reform legislation and initiatives such as the HOA Task Force (created under HB 23-1105) become administrative and mostly unenforceable.** Issues #1 through #9 are **Priority One** and ranked in order of importance and considered "must have". #1 and #2 are not dependent upon the implementation of any other item 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 legislation concerning higher priorities. Any comprehensive review and updates to CCIOA should consider all issues on the list below.

## 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 that only concern violations of State HOA law and/or HOA governing documents and exceptional cases as approved by DORA.** Overview: HOA vs homeowner issues related to recovery of "paid" monetary damages to the HOA would not be applicable to this process nor would felony cases or complaints against HOA property managers (PM). 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. [Additional details of this proposal can be found on the Forum's website home page.](#) [NOTE: if this process is not implemented into law there is no need/benefit in passing more HOA legislation as enforcement of any HOA State laws will remain mostly unenforceable from the homeowner's perspective.](#)

**#2 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.

**#3 State HOA data base and HOA Registration:** Overview: 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.

**#4 CCIOA must have a defined statement concerning HOA responsibilities to homeowners in maintaining the community** that indicates a homeowner can file a complaint in Small Claims Court (or in the State HOA Office upon the implementation of dispute resolution authority) concerning a violation of an HOAs fiduciary responsibilities in the maintenance of the community. The homeowner can file for injunctive relief in Court to command the HOA to comply with its responsibilities stated in the HOA Declaration for community maintenance. If the complaint 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. Non-compliance with a court order can involve non-monetary penalties to the HOA including removal of a Board member(s), placing the HOA into receivership and/or the inability for an HOA to foreclose on a home, place liens or impose fines.

**#5 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. 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.

**#6 HOA Foreclosure and Equity Protection Reform:** Homeowner equity protection has two primary purposes: 1) prevent or mitigate the loss of homeowner equity with an HOA foreclosure through setting a minimum sales price and 2) to require the homeowner to be informed about options to stop a foreclosure and remain in their home. This proposal would be included in HOA billing and collection policy, require this information to be posted on the HOA's web site and emailed to all homeowners once a year, the foreclosure protection reform and general policies would be presented to homeowner's once a year at a community meeting and HOA compliance with this proposal confirmed as part of the HOA yearly registration. The State HOA Office will email HOA foreclosure policy to all registered HOAs once a year. HOAs will change their governing documents to reflect foreclosure policy.

Details: 1) Homeowner HOA debt collection procedures must comply with CCIOA notification procedures else the forfeiture action becomes invalid 2) 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 the options to avoid foreclosure, regain ownership of their home post foreclosure, utilize the equity in their home to retain home ownership, financing options and other means to protect their equity and retain their home, avoid eviction and any negotiations available with the HOA to cure the debt. The cost of credit counseling is paid by the homeowner. 3) At the same time the HOA will apprise and provide the homeowner with foreclosure information created by the State HOA Office and posted on the HOA's and Office's website

concerning item 2 above 3) Homeowner and HOA will confirm item 1 has been completed and such confirmation made part of the HOA's permanent records. A confirmation document will be developed by the State HOA Office and be made the default confirmation document for all HOAs 4) the HOA will post on its' website the State HOA Office foreclosure information and distribute it to homeowners and registered HOAs once a year.

No HOA foreclosure can result in the sale price (winning bid) less than 60% of market value less financial obligations inherited by the home buyer (winning bid) except in the case where a home is under water in debt (when the homeowner's total HOAs debt, plus mortgage plus other liens inherited by a bidder is calculated to be zero or less or the liens are greater than the equity) and/or when the calculation is zero or less the minimum winning bid will be no less than the amount owed to the HOA. Any bid that results in a positive amount with the 60% rules is valid. A holder of the first mortgage may agree to accept an amount less than the outstanding mortgage balance to allow the foreclosure to proceed

An **alternative** to foreclosure on a home, the HOA will consider foreclosing on other homeowner assets such as their car to allow for the homeowner to stay in their house, retain home equity and allow for extended time on financial decisions. The homeowner would be apprised of this type of collection process and offered choices of which asset is to be foreclosed upon. This process has added costs to the HOA and/or homeowner that must be identified such as legal costs, car storage or any State law protecting the asset. Thus, a vehicle with a market value of \$15,000 could be foreclosed upon with a minimum bid of \$9,000 (60% of market value) less any car loan or other liens on the vehicle inherited by the winning bidder, in this case there is a \$10,000 outstanding car loan and \$3,500 HOA debt. Lowest bid \$9,000 (60% of market value) less \$10,000 + \$3,500 = \$13,500, lowest minimum winning bid would default to amount owed HOA \$3,500 (if the inherited debt brings the lowest allowable bid to zero then the default lowest bid would be amount owed to HOA of \$3,500. If the car loan, for example, was \$2,000 the minimum acceptable winning bid would equal \$9,000 (60% of car's market value) less \$2,000 car loan and HOA debt of \$3,500 or total inherited debt of \$3,500, winning bid lowest amount \$3,500 (\$9,000 less \$2,000 less \$3,500). The proceeds of \$3,500 would be distributed to the homeowner/debtor. The buyer would pay off the load and HOA to close the transaction.

**#7 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](#).

**#8 Failure to release HOA documentation to a homeowner or Board member upon request:** 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.

**#9 Voting Reform:** 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. 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

#10 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.

## Priority two

\*\*\*Special assessments (above an amount to be determined) will be proposed by the HOA Board and require a vote for homeowner approval utilizing vote by mail. The issue 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. Requiring a vote on a special assessment will be based on the amount of the assessment, revenue of the HOA and size of the HOA: DORA will determine the requirement.

A one-year statute of limitations be set for all covenant violations and rules for enforcement. If the HOA has known about a violation, 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.

A buyer of a home in an HOA will inherit all financial obligations and responsibility for all outstanding covenant violations and other issues in which the HOA is pursuing against the former owner and any of such issues remain unresolved upon home closing/purchase if such issues are listed on disclosure documents the home buyer by the seller. Otherwise, such issues are considered null and void. Any agreements between seller and buyer on resolving these issues must be signed and presented to the HOA prior to closing. Disclosure information completed by the home seller, HOA and/or HOA management company to the seller is valid on the day prepared. Subsequent home disclosure information to update such issues due to corrections and/or incomplete information after preparation of the original disclosure will be the responsibility of the home seller who can be legally accountable for any damages for non-disclosure.

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.

Special requests and related costs by the home seller, HOA or PM related to home closing will be documented 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. If the home seller doesn't pay such costs prior to home closing such billing can't suspend a home sale but will be collected as a separate

collection action between the HOA/PM and the home seller. All unique and extraordinary expenses incurred by the HOA and/or its management company in behalf of and approved by the home seller will be payable to the PM. A PM or HOA Board can demand payment from the home seller at the time of the special request or decline such a request.

DORA will develop a special assessment form that is both a ballot and explanation of what a YES or NO vote will indicate and provide an area to explain the need, cost and other information about the special assessment.

HOA capital improvement projects in an HOA above \$x (to be determined) must be voted upon by homeowners with mail-in ballot explaining 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.

### **Priority three**

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.

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 selling process at no charge other than mailing, delivery and preparation. All costs incurred by the PM not reimbursed through their contract with the HOA must be supported by documentation and must represent extraordinary and unique work to be performed by the PM caused by the sale of the home. Any specific work completed by the PM at the request of the Title Company will be approved by the HOA Board. Any charge paid by the homeowner can't be charged to the Title Company. 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.

Require licensing of time share property managers under any HOA property manager licensing law and if an official HOA exists it will be held to HOA registration requirements and State HOA law and its' own governing documents. Homeowner complaints can be brought to the HOA State Office (when implemented) and such fees to fund the complaint process in the Office will apply to time share HOAs.

Require any time-share development that has an HOA with elected Board members and collects a periodic fee for property maintenance to comply with State HOA regulations.

Require HOA time-share properties to disclose and provide information equal to that of non-time share HOA properties at home closing or in purchase of a segment of time purchased for the property.

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 including 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.

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 assessments: 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: 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.

Recall of Board members: recalls can be accomplished by a petition that requires fifty percent of homeowner approval and such process overrides any requirements in the HOA by-laws or governing documents. Vote by Mail will be used.

HOA reserve fund studies will be completed at least once every three and the results distributed to homeowners along with a statement of planned action by the Board to bring reserves up to a recommended level, who completed the study and the consequences of under-funded reserves. Studies can be completed by homeowners or an outside professional. A template for completing the study will be developed by the HOA Office and be sent to all registered HOAs

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.

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.

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.

Assessment due date: HOA's will to 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.

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 and confirming both the Developer and HOA elected Board members have completed a thorough and complete and open transfer with each knowing their financial, contractual and other obligations.

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. 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.

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. 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.

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's 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.

Any direct charges from a management company or attorney to a homeowner require prior approval by the HOA Board and notification to the home owner with homeowner ability to challenge through a hearing with the Board. This independent transaction will not be considered a debt to the HOA and not influence any status of the homeowner with the HOA.

The State HOA Office to develop and make available on their website and distribute to registered HOA's their approved petition form and instructions on how to complete a recall of one or more Board members. Person(s) organizing the recall can request the HOA send out information using the HOA's email list on the recall and allow for homeowners by return email to respond in favor to an email address provided by the sponsor. Explanatory information on the use of the petition included on the ballot.

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 not on public roads. 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.

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.

All funds expended for HOA homeowner complaint costs will be reported to homeowners at least semi-annually at a community meeting and made available on the HOA website. Such legal and other costs will be reported as separate line items on financial statements. Confidentiality of the complainant is maintained.

Payment plans offered to a homeowner by an HOA Board will 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 first and second notification letters

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 \$2,000 maximum plus the amount of the debt in dispute.

The HOA registration list is incomplete on many data elements required such as County in which the HOA occupies. Suggest the HOA Office implements 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

HOA community and other Board Meetings, excluding executive sessions can be recorded by homeowners

In the event an HOA has no volunteers for the HOA Board or can't fill a majority of the seats, what happens?

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: 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 CCIOA

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.

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.

All homeowner violation notices will indicate the homeowner is provided a hearing before the Board to contest the violation or agree to an alternate plan to resolve the violation. A homeowner's request for a hearing will be initiated within two weeks of the first notice or such right will be forfeited. A Board that refuses to grant the hearing will result in the violation being canceled.

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

Management company contracts must be approved and renewed each year

Specifics on statute of limitation on structure violations and covenant violations

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. Protect Board members and homeowners.