

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 14-0686.02 Duane Gall x4335

HOUSE BILL 14-1254

HOUSE SPONSORSHIP

Labuda,

SENATE SPONSORSHIP

Balmer,

House Committees

Business, Labor, Economic, & Workforce
Development

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT TO DISCLOSE FEES CHARGED TO A UNIT**
102 **OWNERS' ASSOCIATION BY A COMMUNITY ASSOCIATION**
103 **MANAGER.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill requires a licensed community association manager who performs services for a homeowners' association (HOA) through employees or subcontractors to fully disclose to the HOA, during contract

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
2nd Reading Unamended
February 25, 2014

negotiations and annually thereafter, all fees and charges that the manager will bill to the HOA for services performed by those employees or subcontractors.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 12-61-1004.5 as
3 follows:

4 **12-61-1004.5. Fees and charges for contracted services -**
5 **disclosure required.** EVERY MANAGER, AND EVERY AGENT OR OTHER
6 PERSON WHO REPRESENTS OR NEGOTIATES ON BEHALF OF A MANAGER,
7 SHALL DISCLOSE TO THE EXECUTIVE BOARD OF EACH HOA FOR WHICH IT
8 PROVIDES OR OFFERS TO PROVIDE SERVICES, DURING CONTRACT
9 NEGOTIATIONS AND THEREAFTER ON AN ANNUAL BASIS, ALL FEES AND
10 OTHER AMOUNTS THAT THE MANAGER CHARGES OR WILL CHARGE TO THE
11 COMMON INTEREST COMMUNITY, UNIT OWNERS, AND PURCHASERS OF
12 UNITS IN THE COMMON INTEREST COMMUNITY FOR OR AS A RESULT OF ANY
13 SERVICE, PRODUCT, TRANSACTION, OR ITEM OF VALUE PROVIDED BY THE
14 MANAGER, ANY EMPLOYEE OR CONTRACTOR OF THE MANAGER, OR ANY
15 OTHER INDIVIDUAL OR ENTITY WITH WHOM THE MANAGER ASSOCIATES IN
16 THE PERFORMANCE OF COMMUNITY ASSOCIATION MANAGEMENT SERVICES.
17 IN ADDITION, THE MANAGER OR ITS AGENT SHALL DISCLOSE ALL
18 REMUNERATION THE MANAGER OR ANY SUBSIDIARY, AFFILIATE, OR
19 RELATED PERSON OR ENTITY RECEIVES OR WILL RECEIVE, DIRECTLY OR
20 INDIRECTLY, IN CONNECTION WITH ITS RELATIONSHIP WITH THE COMMON
21 INTEREST COMMUNITY. THE DIVISION MAY REGULATE, INVESTIGATE, AND
22 TAKE DISCIPLINARY ACTION AGAINST ANY MANAGER OR PRINCIPAL
23 THEREOF FOR A VIOLATION OF THIS SECTION.

24 **SECTION 2.** In Colorado Revised Statutes, 12-61-1010, **add** (1)

1 (1.5) as follows:

2 **12-61-1010. Investigation - revocation - actions against**
3 **licensee.** (1) The director, upon the director's own motion, may, and,
4 upon the complaint in writing of any person, shall, investigate the
5 activities of any community association manager or any person who
6 assumes to act in such capacity within the state. The director, after
7 holding a hearing in accordance with the "State Administrative Procedure
8 Act", article 4 of title 24, C.R.S., may impose an administrative fine not
9 to exceed two thousand five hundred dollars for each separate offense,
10 censure a licensee, place the licensee on probation and set the terms of
11 probation, or temporarily suspend or permanently revoke a license when
12 the licensee has performed, is performing, or is attempting to perform any
13 of the following acts and is guilty of:

14 (1.5) FAILING TO MAKE A FULL AND TRUE DISCLOSURE OF FEES,
15 CHARGES, AND REMUNERATION AS REQUIRED BY SECTION 12-61-1004.5;

16 **SECTION 3. Act subject to petition - effective date.** This act
17 takes effect January 1, 2015; except that, if a referendum petition is filed
18 pursuant to section 1 (3) of article V of the state constitution against this
19 act or an item, section, or part of this act within the ninety-day period
20 after final adjournment of the general assembly, then the act, item,
21 section, or part will not take effect unless approved by the people at the
22 general election to be held in November 2014 and, in such case, will take
23 effect on January 1, 2015, or on the date of the official declaration of the
24 vote thereon by the governor, whichever is later.