

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

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

Local Government

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/bills summaries>.)

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 negotiations and annually thereafter, all fees and charges that the manager

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.

SENATE
3rd Reading Unamended
March 24, 2014

SENATE
Amended 2nd Reading
March 21, 2014

HOUSE
3rd Reading Unamended
February 26, 2014

HOUSE
2nd Reading Unamended
February 25, 2014

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 and**
5 **home sales - disclosure required. (1) EVERY MANAGER, AND EVERY**
6 **AGENT OR OTHER PERSON WHO REPRESENTS OR NEGOTIATES ON BEHALF**
7 **OF A MANAGER, SHALL DISCLOSE TO THE EXECUTIVE BOARD OF EACH HOA**
8 **FOR WHICH IT PROVIDES OR OFFERS TO PROVIDE SERVICES, DURING**
9 **CONTRACT NEGOTIATIONS AND THEREAFTER ON AN ANNUAL BASIS, ALL**
10 **FEEES AND OTHER AMOUNTS THAT THE MANAGER CHARGES OR WILL**
11 **CHARGE TO THE COMMON INTEREST COMMUNITY, UNIT OWNERS, AND**
12 **PURCHASERS OF UNITS IN THE COMMON INTEREST COMMUNITY FOR OR AS**
13 **A RESULT OF ANY SERVICE, PRODUCT, TRANSACTION, OR ITEM OF VALUE**
14 **PROVIDED BY THE MANAGER, ANY EMPLOYEE OR CONTRACTOR OF THE**
15 **MANAGER, OR ANY OTHER INDIVIDUAL OR ENTITY WITH WHOM THE**
16 **MANAGER ASSOCIATES IN THE PERFORMANCE OF COMMUNITY**
17 **ASSOCIATION MANAGEMENT SERVICES.**

18 **(2) (a) NEITHER A MANAGER NOR ANY AGENT OF A MANAGER MAY**
19 **ENFORCE ANY FEE OR CHARGE, INCLUDING A TRANSFER FEE, AGAINST THE**
20 **HOA OR ANY BUYER OR SELLER OF PROPERTY SERVED BY THE HOA**
21 **UNLESS THE FEE OR CHARGE IS:**

22 **(I) EXPLICITLY DISCLOSED IN THE MANAGER'S CONTRACT WITH THE**
23 **HOA OR AN ADDENDUM TO THE CONTRACT; OR**

24 **(II) DOCUMENTED BY A CLEARLY IDENTIFIED LINE ITEM ON A REAL**
25 **ESTATE CLOSING SETTLEMENT STATEMENT.**

1 (3) IN ADDITION TO MAKING THE DISCLOSURES REQUIRED UNDER
2 SUBSECTIONS (1) AND (2) OF THIS SECTION, A MANAGER SHALL DISCLOSE
3 TO THE EXECUTIVE BOARD ALL REMUNERATION THE MANAGER OR ANY
4 SUBSIDIARY, AFFILIATE, OR RELATED PERSON OR ENTITY RECEIVES OR WILL
5 RECEIVE, DIRECTLY OR INDIRECTLY, IN CONNECTION WITH ITS
6 RELATIONSHIP WITH THE COMMON INTEREST COMMUNITY.

7 (4) THE DIVISION MAY REGULATE, INVESTIGATE, AND TAKE
8 DISCIPLINARY ACTION AGAINST ANY MANAGER OR PRINCIPAL THEREOF FOR
9 A VIOLATION OF THIS SECTION.

10 **SECTION 2.** In Colorado Revised Statutes, 12-61-1010, **add** (1)
11 (1.5) as follows:

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

24 (1.5) FAILING TO MAKE A FULL AND TRUE DISCLOSURE OF FEES,
25 CHARGES, AND REMUNERATION AS REQUIRED BY SECTION 12-61-1004.5;

26 **SECTION 3. Act subject to petition - effective date.** This act
27 takes effect January 1, 2015; except that, if a referendum petition is filed

1 pursuant to section 1 (3) of article V of the state constitution against this
2 act or an item, section, or part of this act within the ninety-day period
3 after final adjournment of the general assembly, then the act, item,
4 section, or part will not take effect unless approved by the people at the
5 general election to be held in November 2014 and, in such case, will take
6 effect on January 1, 2015, or on the date of the official declaration of the
7 vote thereon by the governor, whichever is later.