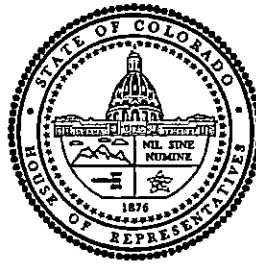


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COLORADO
HOUSE OF REPRESENTATIVES
State Capitol
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Attachment B

Member:
Business Affairs & Labor
Committee
State, Veterans & Military Affairs
Committee

HB 15-1040

Information Packet

15-1040 Talking Paper

HOA licensure was brought into being by HB 13-1277.

It is going into effect now all managers must have a license by July, 2015

1040 is an attempt to make just two adjustments to 13-1277

1. The very smallest HOAs should be exempt.
 - a. They do not have many resources.
 - b. The members can easily attend meeting and make adjustments on their own.
 - c. They generally have a very small budget.
 - d. The cost of the new regulations will be passed on to them.
 - e. Many will just ignore the law or disband.
 - f. It is inefficient to regulate at the smallest level.
 - g. We will offer an amendment to make 20 units the low threshold.
2. We should only require one license per organization.
 - a. Licensing of all supervisors is overkill and very expensive.
 - b. That drives up costs for everyone.
 - c. Eventually the home owner pays that cost.
 - d. We do not do that in other areas.
 - i. Lawyers
 - ii. CPAs
3. Amendments
 - a. I will offer an amendment to change the 200 threshold to 20.
 - b. After conferring with DORA, it became clear to me that 200 would exempt 90 percent of the HOA. Obviously too high a number.
 - c. The amendment also takes away lines 16-25 and leaves the old law in place.
4. Fiscal impact
 - a. The program will have fee to expenditure equilibrium once it is fully implemented.
 - b. The reduction from 200 to 20 will make the license cost more reasonable.

For more information contact

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First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-0293.01 Jennifer Berman x3286

HOUSE BILL 15-1040

HOUSE SPONSORSHIP

Thurlow,

SENATE SPONSORSHIP

(None),

House Committees
State, Veterans, & Military Affairs

Senate Committees

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO THE LICENSING REQUIREMENTS OF
102 PERSONS WHO MANAGE THE AFFAIRS OF COMMON INTEREST
103 COMMUNITIES UNDER THE "COLORADO COMMON INTEREST
104 OWNERSHIP ACT".

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/billssummaries>.)

Under current law, a person who performs at least one community association management practice relating to the management of a common interest community is required to obtain a community

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.

association manager license from the director of the division of real estate in the department of regulatory agencies. The bill limits that requirement in a number of ways.

Section 1 of the bill redefines "common interest community" to exclude common interest communities with fewer than 200 units, those containing only units restricted to nonresidential use, and those containing only time share units. Section 1 also repeals language requiring a separate license for a chief executive officer that employs or contracts with individuals engaged in community association management practices or executives with oversight and supervision of individuals engaging in community association management practices. Finally, section 1 redefines "community association manager" to be a person who engages in 4 or more community association management practices.

Section 2 requires that if more than one individual engages in community association management practices for a single common interest community then only one of the individuals is required to obtain a license, which must be a designated manager's license.

Under current law, when a partnership, limited liability company, or corporation designates a manager and that manager applies for a designated manager's license, all individuals that the entity employs to engage in community association management practices must take and pass an examination in order for a designated manager's license to be issued to the designated manager. **Section 3** removes the examination requirement for everyone except the designated manager.

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-61-1001, **amend**
3 (2), (4) (a), and (4) (b) (I) as follows:

4 **12-61-1001. Definitions.** As used in this part 10, unless the
5 context otherwise requires:

6 (2) "Common interest community" has the meaning set forth in
7 section 38-33.3-103 (8), C.R.S.; EXCEPT THAT FOR PURPOSES OF THIS
8 PART 10, "COMMON INTEREST COMMUNITY" DOES NOT INCLUDE A
9 COMMON INTEREST COMMUNITY:

10 (a) WITH FEWER THAN TWO HUNDRED UNITS;

11 (b) CONTAINING ONLY UNITS RESTRICTED TO NONRESIDENTIAL

1 USE; OR

2 (c) CONTAINING ONLY TIME SHARE UNITS, AS DEFINED IN SECTION
3 38-33-110 (7), C.R.S.

4 (4) (a) "Community association manager" or "manager" means
5 any person, firm, partnership, limited liability company, association, or
6 corporation that, in consideration of compensation by fee, commission,
7 salary, or anything else of value or with the intention of receiving or
8 collecting such compensation, engages in or offers or attempts to engage
9 in community management in Colorado. The term includes:

10 ~~(f) The chief executive officer of a business entity that employs~~
11 ~~individuals or contracts with other business entities to perform~~
12 ~~community association management services; and~~

13 ~~(ff) Any executive of a business entity who has direct supervision~~
14 ~~or oversight of an individual who performs community association~~
15 ~~management services.~~

16 (b) "Community association manager" or "manager" does not
17 include:

18 (I) ~~A person who performs not more than one~~ ENGAGES IN THREE
19 OR FEWER of the practices listed in paragraphs (a) to ~~(g)~~ (f) of subsection
20 (3) of this section, or any clerical, ministerial, accounting, or maintenance
21 function not requiring substantially specialized knowledge, judgment, or
22 managerial skill, under the direct supervision and control of a licensed
23 community association manager or of a contractor employed by a licensed
24 community association manager or by the common interest community's
25 executive board;

26 **SECTION 2.** In Colorado Revised Statutes, 12-61-1002, **amend**
27 (1) as follows:

1 **12-61-1002. License required - rule-making authority -**
2 **violations - administrative and legal remedies.** (1) Effective July 1,
3 2015, it is unlawful for any person to engage in, or to hold out himself,
4 herself, or itself as qualified to engage in, the business of community
5 association management without first having obtained a license from the
6 director in accordance with section 12-61-1003 or during any period in
7 which the manager's license is revoked or suspended; EXCEPT THAT, IF
8 MORE THAN ONE INDIVIDUAL PERFORMS COMMUNITY ASSOCIATION
9 MANAGEMENT DUTIES FOR A SINGLE COMMON INTEREST COMMUNITY,
10 THEN ONLY ONE OF THE INDIVIDUALS MUST OBTAIN A DESIGNATED
11 MANAGER'S LICENSE FROM THE DIRECTOR IN ACCORDANCE WITH SECTION
12 12-61-1003 (6) (b), AND THE OTHER INDIVIDUALS PERFORMING
13 COMMUNITY ASSOCIATION MANAGEMENT DUTIES FOR THE COMMON
14 INTEREST COMMUNITY NEED NOT OBTAIN A LICENSE WITH RESPECT TO
15 THAT COMMON INTEREST COMMUNITY.

16 **SECTION 3.** In Colorado Revised Statutes, 12-61-1003, amend
17 (6) (b) as follows:

18 **12-61-1003. Application for license - criminal history record**
19 **check - examination - rules.** (6) (b) A partnership, limited liability
20 company, or corporation, in its application for a license, shall designate
21 a qualified, active manager to be responsible for management and
22 supervision of the licensed actions of the entity and all persons employed
23 by, or acting at any time on behalf of, the entity. A license may not be
24 issued to the entity unless the DESIGNATED manager so designated, and all
25 persons that the entity employs to perform community association
26 management duties on behalf of the entity, take and pass TAKES AND
27 PASSES the examination required by this part 10. Upon these persons' THE

1 DESIGNATED MANAGER successfully passing the examination and upon
2 compliance with all other requirements of law by the entity as well as by
3 the designated manager, the director shall issue a designated manager's
4 license to the designated manager.

5 **SECTION 4. Applicability.** This act applies to conduct occurring
6 on or after the effective date of this act.

7 **SECTION 5. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, and safety.

HB1040_L.001

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on State, Veterans, & Military Affairs.

HB15-1040 be amended as follows:

1 Amend printed bill, page 2, strike line 3 and substitute "(2) and (4) (a) as follows:".

3 Page 2, line 10, strike "TWO HUNDRED" and substitute "TWENTY".

4 Page 3, strike lines 16-25.