

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0477

Date: June 19, 2013

Prime Sponsor(s): Rep. Ryden
Sen. Carroll

Bill Status: Signed into Law

Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING UNIT OWNERS' ASSOCIATIONS UNDER THE "COLORADO COMMON INTEREST OWNERSHIP ACT".

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Cash Funds HOA Information and Resource Center Cash Fund	See State Revenue section.	
State Expenditures Cash Funds HOA Information and Resource Center Cash Fund	See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on May 11, 2013, and takes effect August 7, 2013, assuming no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

Under current law, the Division of Real Estate (division) in the Department of Regulatory Agencies (DORA) maintains the Homeowners Association Information Office and Resource Center (HOA center), to provide information on the rights and duties of unit owners and HOAs under the Colorado Common Interest Ownership Act (CCIOA). HOAs must register with the HOA center annually. This bill requires that the HOA center:

- compile a database including the name, address, and telephone number of all registered associations, including those formed prior to July 1, 1992;
- coordinate and assist in preparing educational and reference materials to assist unit owners, association board members, and association managers in understanding their rights and responsibilities;
- monitor changes in federal and state law relating to common interest communities; and
- publish information and a "frequently asked questions" resource on the division website.

The bill requires the director of the division to conduct a study of the functions, duties, structure, costs, funding, and success of other states' HOA offices. The director is required to present the findings and conclusions of the study to the General Assembly by December 31, 2013. The study must include an assessment of the following functions:

- filing, investigation, verification, mediation, and resolution of complaints;
- referring disputes to alternative dispute resolution services;
- providing an administrative hearing process for HOA-related disputes;
- monitoring, reviewing, and conducting HOA elections;
- determining a per-unit fee for HOA registrations, and fees for providing services such as mediation;
- providing regulatory oversight for declarant-controlled boards to ensure that the boards are complying with their fiduciary duties, as well as other requirements of the CCIOA; and
- any other relevant HOA function or duty that the director deems necessary.

State Revenue

The bill removes the current exemption that HOAs created prior to July 1, 1992, are not required to register with the HOA center. This increases the total number of HOAs required to register with the HOA center and pay a fee. HOA registrations are estimated to increase from approximately 8,347 to 12,000, or 3,653 additional registered HOAs in FY 2013-14. This bill does not increase expenditures for the division or the HOA center. Therefore, the number of fee-paying HOAs will increase, and the fee amount the division charges will decrease. It is anticipated that the flat fee currently charged HOAs can be reduced from \$16 to \$11 per association, although actual fee setting is conducted administratively by the DORA based on anticipated costs of the program, the fund balance, and the actual number of registrants.

State Expenditures

Many of the bill's provisions are current practice for the HOA center and conducted during the normal course of business. The requirements that the HOA center assemble educational information, update existing web resources, register up to 3,000 additional HOAs, and research and evaluate other state's HOA offices will require additional effort within the DORA; however, this effort can be completed with existing resources and no additional appropriation is required.

Departments Contacted

Law Regulatory Agencies Secretary of State