

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0644	Date: April 9, 2013
Prime Sponsor(s): Rep. Williams Sen. Carroll; Balmer	Bill Status: House Business, Labor, Economic, and Workforce Development
	Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING LIMITATIONS ON THE ACTIONS A UNIT OWNERS' ASSOCIATION UNDER THE "COLORADO COMMON INTEREST OWNERSHIP ACT" MAY TAKE AGAINST A UNIT OWNER WITH RESPECT TO THE COLLECTION OF DEBT OWED TO THE UNIT OWNERS' ASSOCIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: January 1, 2014, unless a referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill requires unit owners' associations under the Colorado Common Interest Ownership Act (commonly known as homeowners' associations, or HOAs) to adopt, and comply with, a policy regarding the collection of delinquent assessments and other past-due amounts from unit owners. HOAs are prohibited from referring a unit owner's account to a collection agency or attorney without first giving the owner a notice that:

- states the total amount due;
- explains how the total amount due was calculated;
- offers the unit owner a one-time opportunity to enter a 6-month payment plan; and
- lists the legal remedies, including foreclosure, that are available to the HOA.

The bill also prohibits an HOA from foreclosing its lien for past-due assessments unless the total amount is at least equal to 6 months of regular assessments and the foreclosure action has been formally approved by the HOA's executive board. The bill also lists the terms and conditions of the 6-month repayment plan that must be offered by the HOA prior to attempting to collect a debt using a collection agency or attorney. The provisions of the bill apply to all common interest communities regardless of when they were formed, and applies to debts collection practices, payment plans, and foreclosure proceedings on or after the effective date of the bill.

State Expenditures

The bill may slightly reduce workload in the courts for actions relating to HOA debts by setting forth specific time frames and required duties of HOAs when pursuing past-due assessments. Any impact is assumed to be minimal and does not require an adjustment in appropriations.

Departments Contacted

Judicial Law Regulatory Agencies