

NOTE: The governor signed this measure on 4/18/2014.

An Act

HOUSE BILL 14-1254

BY REPRESENTATIVE(S) Labuda, Fields, Hullinghorst, Pabon, Ryden, Schafer, Tyler, Williams, Holbert, Rosenthal;
also SENATOR(S) Balmer, Kefalas.

CONCERNING A REQUIREMENT TO DISCLOSE FEES CHARGED TO A UNIT OWNERS' ASSOCIATION BY A COMMUNITY ASSOCIATION MANAGER.

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

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

12-61-1004.5. Fees and charges for contracted services and home sales - disclosure required. (1) EVERY MANAGER, AND EVERY AGENT OR OTHER PERSON WHO REPRESENTS OR NEGOTIATES ON BEHALF OF A MANAGER, SHALL DISCLOSE TO THE EXECUTIVE BOARD OF EACH HOA FOR WHICH IT PROVIDES OR OFFERS TO PROVIDE SERVICES, DURING CONTRACT NEGOTIATIONS AND THEREAFTER ON AN ANNUAL BASIS, ALL FEES AND OTHER AMOUNTS THAT THE MANAGER CHARGES OR WILL CHARGE TO THE COMMON INTEREST COMMUNITY, UNIT OWNERS, AND PURCHASERS OF UNITS IN THE COMMON INTEREST COMMUNITY FOR OR AS A RESULT OF ANY SERVICE, PRODUCT, TRANSACTION, OR ITEM OF VALUE PROVIDED BY THE MANAGER, ANY EMPLOYEE OR CONTRACTOR OF THE MANAGER, OR ANY

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

OTHER INDIVIDUAL OR ENTITY WITH WHOM THE MANAGER ASSOCIATES IN THE PERFORMANCE OF COMMUNITY ASSOCIATION MANAGEMENT SERVICES.

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

(a) EXPLICITLY DISCLOSED IN THE MANAGER'S CONTRACT WITH THE HOA OR AN ADDENDUM TO THE CONTRACT; OR

(b) DOCUMENTED BY A CLEARLY IDENTIFIED LINE ITEM ON A REAL ESTATE CLOSING SETTLEMENT STATEMENT.

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

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

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

12-61-1010. Investigation - revocation - actions against licensee.

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

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

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

January 1, 2015, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Morgan Carroll
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO