

**First Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 05-0134.01 Duane Gall

SENATE BILL 05-100

SENATE SPONSORSHIP

Hagedorn,

HOUSE SPONSORSHIP

Carroll M.,

Senate Committees
State, Veterans & Military Affairs

House Committees

A BILL FOR AN ACT

101 **CONCERNING INCREASED PROTECTION FOR HOMEOWNERS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Prohibits the homeowners' association (HOA) of a common interest community from adopting rules that prevent a homeowner from:
Displaying an American flag or political sign; or
Parking an emergency vehicle in the community, if the homeowner is employed by a fire department or other provider of emergency services and must have ready access to the vehicle as a condition of employment.

Invalidates any new or existing covenant or condition that prohibits xeriscape or requires landscaping to include turf grass.

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
Amended 2nd Reading
February 25, 2005

Limits the availability of foreclosure to an HOA seeking to enforce a lien for fines and other charges imposed under community covenants. Invalidates covenant provisions that purport to waive a homeowner's rights under homestead laws.

Requires the buyer of a home in a community subject to an HOA to receive notice and documentation regarding the ability of the HOA to place a lien on the property for unpaid assessments and an up-to-date accounting of the HOA's financial condition including any unpaid assessments, fines, or known covenant violations applicable to the property. Requires the HOA to furnish information on unpaid assessments to an escrow agent upon request. Makes any such disclosure to a licensed escrow agent binding on the HOA.

Requires the HOA to furnish to all homeowners in writing, at least once per year:

Current contact information for the HOA and its management company or agent; and

The results of its most recent annual financial audit, which must be conducted by a certified public accountant.

Supersedes any provision of the bylaws or corporation statutes that would require a specific number or percentage of homeowners to join in any lawsuit challenging corporate action by the HOA.

Enacts open meeting provisions for the executive board of the HOA. Requires the board to give homeowners a reasonable opportunity to speak before taking action on a community issue.

Enacts conflict-of-interest rules for board members. Invalidates any action taken, and any contract entered into, in which a board member has an undisclosed conflict of interest.

Requires 90 days' written notice to all homeowners before community assets may be sold or encumbered.

Enacts open records requirements for books and records of the HOA. Allows the HOA to charge a reasonable fee, not to exceed 25¢ per page, for copies. Requires that a records request be made in good faith, for a proper purpose, and adequately describe the records that are sought. Exempts privileged information such as that pertaining to pending litigation or personnel matters.

When a homeowner submits a claim concerning injury occurring on or damage to the owner's property:

Prohibits the insurance carrier from denying coverage on the basis that the injury or damage actually occurred on or to a third party's property;

Requires the insurance carrier to promptly settle the owner's claim without considering whether the responsibility for payment should be assumed by a third party; and

Allows the carrier to pursue a subrogation claim against

such a third party after making the settlement.

Specifies that if the carrier's subrogation claim is successful, the homeowner must pay the amount of the settlement to the proper beneficiary.

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

2 **SECTION 1.** 37-60-126 (11), Colorado Revised Statutes, is
3 amended to read:

4 **37-60-126. Water conservation and drought mitigation**
5 **planning - programs - relationship to state assistance for water**
6 **facilities - guidelines.** (11) (a) Any new restrictive covenant that
7 prohibits or limits XERISCAPE, PROHIBITS OR LIMITS the installation or use
8 of drought-tolerant vegetative landscapes, ~~is prohibited~~ OR REQUIRES
9 CULTIVATED VEGETATION TO CONSIST EXCLUSIVELY OR PRIMARILY OF
10 TURF GRASS IS HEREBY DECLARED CONTRARY TO PUBLIC POLICY AND ON
11 THAT BASIS SHALL BE VOID AND UNENFORCEABLE.

12 (b) As used in this subsection (11):

13 (I) "EXECUTIVE BOARD POLICY OR PRACTICE" INCLUDES ANY
14 ADDITIONAL PROCEDURAL STEP OR BURDEN, FINANCIAL OR OTHERWISE,
15 PLACED ON A UNIT OWNER WHO SEEKS APPROVAL FOR A LANDSCAPING
16 CHANGE BY THE EXECUTIVE BOARD OF A UNIT OWNERS' ASSOCIATION, AS
17 DEFINED IN SECTION 38-33.3-103, C.R.S., AND NOT INCLUDED IN THE
18 EXISTING DECLARATION OR BYLAWS OF THE ASSOCIATION. AN
19 "EXECUTIVE BOARD POLICY OR PRACTICE" INCLUDES, WITHOUT
20 LIMITATION, THE REQUIREMENT OF:

21 (A) AN ARCHITECT'S STAMP;

22 (B) PREAPPROVAL BY AN ARCHITECT OR LANDSCAPE ARCHITECT
23 RETAINED BY THE EXECUTIVE BOARD;

1 (C) AN ANALYSIS OF WATER USAGE UNDER THE PROPOSED NEW
2 LANDSCAPE PLAN OR A HISTORY OF WATER USAGE UNDER THE UNIT
3 OWNER'S EXISTING LANDSCAPE PLAN; AND

4 (D) THE ADOPTION OF A LANDSCAPING CHANGE FEE.

5 (II) "Restrictive covenant" means any covenant, restriction,
6 BYLAW, EXECUTIVE BOARD POLICY OR PRACTICE, or condition applicable
7 to real property for the purpose of controlling land use, but does not
8 include any covenant, restriction, or condition imposed on such real
9 property by any governmental entity.

10 (III) "TURF GRASS" MEANS CONTINUOUS PLANT COVERAGE
11 CONSISTING OF HYBRIDIZED GRASSES THAT, WHEN REGULARLY MOWED,
12 FORM A DENSE GROWTH OF LEAF BLADES AND ROOTS.

13 (IV) "XERISCAPE" MEANS THE APPLICATION OF THE PRINCIPLES OF
14 LANDSCAPE PLANNING AND DESIGN, SOIL ANALYSIS AND IMPROVEMENT,
15 APPROPRIATE PLANT SELECTION, LIMITATION OF TURF AREA, USE OF
16 MULCHES, IRRIGATION EFFICIENCY, AND APPROPRIATE MAINTENANCE THAT
17 RESULTS IN WATER USE EFFICIENCY AND WATER-SAVING PRACTICES.

18 (c) NOTHING IN THIS SUBSECTION (11) SHALL PRECLUDE THE
19 EXECUTIVE BOARD OF A COMMON INTEREST COMMUNITY FROM TAKING
20 ENFORCEMENT ACTION AGAINST A UNIT OWNER WHO ALLOWS HIS OR HER
21 EXISTING LANDSCAPING TO DIE; EXCEPT THAT:

22 (I) SUCH ENFORCEMENT ACTION SHALL BE SUSPENDED DURING A
23 DROUGHT EMERGENCY DECLARED BY THE JURISDICTION IN WHICH THE
24 COMMON INTEREST COMMUNITY IS LOCATED, IN WHICH CASE THE UNIT
25 OWNER SHALL COMPLY WITH ANY WATERING RESTRICTIONS IMPOSED BY
26 THE WATER PROVIDER FOR THE COMMON INTEREST COMMUNITY;

27 (II) ENFORCEMENT SHALL BE CONSISTENT WITHIN THE COMMUNITY

1 AND NOT ARBITRARY OR CAPRICIOUS; AND

2 (III) ONCE THE DROUGHT EMERGENCY IS LIFTED, THE UNIT OWNER
3 SHALL BE ALLOWED A REASONABLE OPPORTUNITY TO RE-SEED AND REVIVE
4 TURF GRASS BEFORE BEING REQUIRED TO REPLACE IT WITH NEW SOD.

5 **SECTION 2.** Part 1 of article 33.3 of title 38, Colorado Revised
6 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
7 read:

8 **38-33.3-106.5. Prohibitions contrary to public policy - patriotic**
9 **and political expression - emergency vehicles - definitions.**

10 (1) NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS,
11 OR RULES AND REGULATIONS OF THE ASSOCIATION TO THE CONTRARY, AN
12 ASSOCIATION SHALL NOT PROHIBIT ANY OF THE FOLLOWING:

13 (a) THE DISPLAY OF THE AMERICAN FLAG BY A UNIT OWNER
14 ON THAT UNIT OWNER'S PROPERTY, IN A WINDOW OF THE UNIT OWNER'S
15 RESIDENCE, OR ON A BALCONY ADJOINING THE UNIT OWNER'S PROPERTY IF
16 THE AMERICAN FLAG IS DISPLAYED IN A MANNER CONSISTENT WITH THE
17 FEDERAL FLAG CODE , P.L. 94-344; 90 STAT. 810; 4 U.S.C. 4 TO 10. THE
18 ASSOCIATION MAY ADOPT REASONABLE RULES REGARDING THE
19 PLACEMENT AND MANNER OF DISPLAY OF THE AMERICAN FLAG. THE
20 ASSOCIATION RULES MAY REGULATE THE LOCATION AND SIZE OF FLAGS
21 AND FLAGPOLES, BUT SHALL NOT PROHIBIT THE INSTALLATION OF A FLAG
22 OR FLAGPOLE.

23 (b) (I) THE DISPLAY OF A POLITICAL SIGN BY A UNIT OWNER ON
24 THAT UNIT OWNER'S PROPERTY OR IN A WINDOW OF THE UNIT OWNER'S
25 RESIDENCE; EXCEPT THAT AN ASSOCIATION MAY PROHIBIT THE DISPLAY OF
26 POLITICAL SIGNS EARLIER THAN FORTY-FIVE DAYS BEFORE THE DAY OF AN
27 ELECTION AND LATER THAN SEVEN DAYS AFTER AN ELECTION DAY. AN

1 ASSOCIATION MAY REGULATE THE SIZE AND NUMBER OF POLITICAL SIGNS
2 THAT MAY BE PLACED ON A UNIT OWNER'S PROPERTY IF THE ASSOCIATION'S
3 REGULATION IS NO MORE RESTRICTIVE THAN ANY APPLICABLE CITY, TOWN,
4 OR COUNTY ORDINANCE THAT REGULATES THE SIZE AND NUMBER OF
5 POLITICAL SIGNS ON RESIDENTIAL PROPERTY. IF THE CITY, TOWN, OR
6 COUNTY IN WHICH THE PROPERTY IS LOCATED DOES NOT REGULATE THE
7 SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY, THE
8 ASSOCIATION SHALL PERMIT AT LEAST ONE POLITICAL SIGN PER POLITICAL
9 OFFICE OR BALLOT ISSUE THAT IS CONTESTED IN A PENDING ELECTION,
10 WITH THE MAXIMUM DIMENSIONS OF THIRTY-SIX INCHES BY FORTY-EIGHT
11 INCHES, ON A UNIT OWNER'S PROPERTY.

12 (II) AS USED IN THIS PARAGRAPH (b), "POLITICAL SIGN" MEANS A
13 SIGN THAT CARRIES A MESSAGE INTENDED TO INFLUENCE THE OUTCOME OF
14 AN ELECTION, INCLUDING SUPPORTING OR OPPOSING THE ELECTION OF A
15 CANDIDATE, THE RECALL OF A PUBLIC OFFICIAL, OR THE PASSAGE OF A
16 BALLOT ISSUE.

17 (c) THE PARKING OF A MOTOR VEHICLE BY A UNIT OWNER ON A
18 STREET, DRIVEWAY, OR GUEST PARKING AREA IN THE COMMON INTEREST
19 COMMUNITY IF THE VEHICLE IS REQUIRED TO BE AVAILABLE AT
20 DESIGNATED PERIODS AT THE UNIT OWNER'S RESIDENCE AS A CONDITION
21 OF THE UNIT OWNER'S EMPLOYMENT AND ALL OF THE FOLLOWING CRITERIA
22 ARE MET:

23 (I) THE VEHICLE HAS A GROSS VEHICLE WEIGHT RATING OF TEN
24 THOUSAND POUNDS OR LESS;

25 (II) THE UNIT OWNER IS A BONA FIDE MEMBER OF A VOLUNTEER
26 FIRE DEPARTMENT, IS EMPLOYED BY AN EMERGENCY SERVICE PROVIDER,
27 AS DEFINED IN SECTION 29-11-101 (1.6), C.R.S., OR IS A PEACE OFFICER AS

1 DESCRIBED IN SECTION 16-2.5-101, C.R.S.; ==

2 (III) THE VEHICLE BEARS AN OFFICIAL EMBLEM OR OTHER VISIBLE
3 DESIGNATION OF THE FIRE DEPARTMENT, EMERGENCY SERVICE PROVIDER,
4 OR OTHER PUBLIC AGENCY; AND

5 (IV) PARKING OF THE VEHICLE CAN BE ACCOMPLISHED WITHOUT
6 OBSTRUCTING EMERGENCY ACCESS OR INTERFERING WITH THE
7 REASONABLE NEEDS OF OTHER UNIT OWNERS TO USE STREETS AND
8 DRIVEWAYS WITHIN THE COMMON INTEREST COMMUNITY.

9 **SECTION 3.** 38-33.3-117 (1), Colorado Revised Statutes, is
10 amended BY THE ADDITION OF THE FOLLOWING NEW
11 PARAGRAPHS to read:

12 **38-33.3-117. Applicability to preexisting common interest**
13 **communities.** (1) Except as provided in section 38-33.3-119, the
14 following sections shall apply to all common interest communities
15 created within this state before July 1, 1992, with respect to events and
16 circumstances occurring on or after July 1, 1992:

17 (h.3) 38-33.3-205 (2);

18 (h.5) 38-33.3-209.4 AND 38-33.3-209.6;

19 (h.7) 38-33.3-223;

20 (i.3) 38-33.3-303 (4) (b) AND (8) (b);

21 (i.5) 38-33.3-308 (2.5) AND (4.5);

22 (i.7) 38-33.3-310.5;

23 (j.5) 38-33.3-312 (3) (a);

24 **SECTION 4.** 38-33.3-124, Colorado Revised Statutes, is amended
25 to read:

26 **38-33.3-124. Legislative declaration - alternative dispute**
27 **resolution encouraged.** (1) THE GENERAL ASSEMBLY FINDS AND

1 DECLARES THAT THE COST, COMPLEXITY, AND DELAY INHERENT IN COURT
2 PROCEEDINGS MAKE LITIGATION A PARTICULARLY INEFFICIENT MEANS OF
3 RESOLVING NEIGHBORHOOD DISPUTES. THEREFORE, COMMON INTEREST
4 COMMUNITIES ARE ENCOURAGED TO ADOPT PROTOCOLS THAT MAKE USE
5 OF MEDIATION OR ARBITRATION AS ALTERNATIVES TO, OR PRECONDITIONS
6 UPON, THE FILING OF A COMPLAINT BETWEEN A UNIT OWNER AND
7 ASSOCIATION IN SITUATIONS THAT DO NOT INVOLVE AN IMMINENT THREAT
8 TO THE PEACE, HEALTH, OR SAFETY OF THE COMMUNITY.

9 ~~(1)~~ (2) (a) Any controversy between an association and a unit
10 owner arising out of the provisions of this article may be submitted to
11 mediation by either party to the controversy prior to the commencement
12 of any legal proceeding.

13 ~~(2)~~ (b) The mediation agreement, if one is reached, may be
14 presented to the court as a stipulation. Either party to the mediation may
15 terminate the mediation process without prejudice.

16 ~~(3)~~ (c) If either party subsequently violates the stipulation, the
17 other party may apply immediately to the court for relief.

18 (3) THE DECLARATION, BYLAWS, OR RULES OF THE ASSOCIATION
19 MAY SPECIFY SITUATIONS IN WHICH DISPUTES SHALL BE RESOLVED BY
20 BINDING ARBITRATION UNDER THE "UNIFORM ARBITRATION ACT", PART
21 2 OF ARTICLE 22 OF TITLE 13, C.R.S.

22 _____
23 _____

24 **SECTION 5.** Part 2 of article 33.3 of title 38, Colorado Revised
25 Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW
26 SECTIONS to read:

27 **38-33.3-209.4. Identity of association - agent - manager -**

1 **contact information.** THE ASSOCIATION SHALL PROVIDE TO ALL UNIT
2 OWNERS, AT LEAST ONCE PER YEAR, A WRITTEN NOTICE STATING THE NAME
3 OF THE ASSOCIATION; THE NAME OF THE ASSOCIATION'S DESIGNATED
4 AGENT OR MANAGEMENT COMPANY, IF ANY; AND A VALID PHYSICAL
5 ADDRESS AND TELEPHONE NUMBER FOR BOTH THE ASSOCIATION AND THE
6 DESIGNATED AGENT OR MANAGEMENT COMPANY, IF ANY. THE NOTICE
7 SHALL ALSO INCLUDE THE NAME OF THE COMMON INTEREST COMMUNITY,
8 THE INITIAL DATE OF RECORDING OF THE DECLARATION, AND THE
9 RECEPTION NUMBER OR BOOK AND PAGE FOR THE MAIN DOCUMENT THAT
10 CONSTITUTES THE DECLARATION. IF THE ASSOCIATION'S ADDRESS,
11 DESIGNATED AGENT, OR MANAGEMENT COMPANY CHANGES, THE
12 ASSOCIATION SHALL PROVIDE ALL UNIT OWNERS WITH AN AMENDED
13 NOTICE WITHIN NINETY DAYS AFTER THE CHANGE.

14 **38-33.3-209.6. Notice to escrow agent regarding unpaid**
15 **assessments.** ON WRITTEN REQUEST, THE ASSOCIATION SHALL FURNISH TO
16 ALIENHOLDER, TITLE INSURANCE COMPANY, ESCROW AGENT, UNIT OWNER,
17 OR PERSON DESIGNATED BY A UNIT OWNER A STATEMENT SETTING FORTH
18 THE AMOUNT OF ANY UNPAID ASSESSMENT AGAINST THE UNIT. THE
19 ASSOCIATION SHALL FURNISH THE STATEMENT WITHIN FIFTEEN DAYS
20 AFTER RECEIPT OF THE REQUEST. SUCH STATEMENT SHALL BE BINDING ON
21 THE ASSOCIATION, THE EXECUTIVE BOARD, AND EVERY UNIT OWNER IF THE
22 STATEMENT IS REQUESTED BY A TITLE INSURANCE COMPANY OR ESCROW
23 AGENT. FAILURE TO PROVIDE THE STATEMENT TO THE TITLE INSURANCE
24 COMPANY OR ESCROW AGENT WITHIN THE TIME REQUIRED BY THIS SECTION
25 SHALL EXTINGUISH ANY LIEN FOR UNPAID ASSESSMENTS THEN DUE.

26 **38-33.3-221.5. Withdrawal from merged common interest**
27 **community.** (1) A COMMON INTEREST COMMUNITY THAT WAS MERGED

1 OR CONSOLIDATED WITH ANOTHER COMMON INTEREST COMMUNITY, OR IS
2 PARTY TO AN AGREEMENT TO DO SO PURSUANT TO SECTION 38-33.3-221,
3 MAY WITHDRAW FROM THE MERGED OR CONSOLIDATED COMMON
4 INTEREST COMMUNITY OR TERMINATE THE AGREEMENT TO MERGE OR
5 CONSOLIDATE, WITHOUT THE CONSENT OF THE OTHER COMMON INTEREST
6 COMMUNITY OR COMMUNITIES INVOLVED, IF THE COMMON INTEREST
7 COMMUNITY WISHING TO WITHDRAW MEETS ALL OF THE FOLLOWING
8 CRITERIA:

9 (a) IT IS A SEPARATE, PLATTED SUBDIVISION;

10 (b) ITS UNIT OWNERS ARE REQUIRED TO PAY INTO TWO COMMON
11 INTEREST COMMUNITIES OR SEPARATE UNIT OWNERS' ASSOCIATIONS;

12 (c) IT IS OR HAS BEEN A SELF-OPERATING COMMON INTEREST
13 COMMUNITY OR ASSOCIATION CONTINUOUSLY FOR AT LEAST TWENTY-FIVE
14 YEARS;

15 (d) THE TOTAL NUMBER OF UNIT OWNERS COMPRISING IT IS FIFTEEN
16 PERCENT OR LESS OF THE TOTAL NUMBER OF UNIT OWNERS IN THE MERGED
17 OR CONSOLIDATED COMMON INTEREST COMMUNITY OR ASSOCIATION;

18 (e) ITS UNIT OWNERS HAVE APPROVED THE WITHDRAWAL BY A
19 MAJORITY VOTE AND AT LEAST SEVENTY-FIVE PERCENT OF SUCH UNIT
20 OWNERS PARTICIPATED IN THE VOTE; AND

21 (f) ITS WITHDRAWAL WOULD NOT SEVERELY IMPACT THE
22 REMAINDER OF THE MERGED COMMON INTEREST COMMUNITY OR
23 ASSOCIATION.

24 (2) IF AN ASSOCIATION HAS MET THE REQUIREMENTS SET FORTH IN
25 SUBSECTION (1) OF THIS SECTION, IT SHALL BE CONSIDERED WITHDRAWN
26 AS OF THE DATE OF THE ELECTION AT WHICH ITS UNIT OWNERS VOTED TO
27 WITHDRAW.

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38-33.3-223. Sale of unit - disclosure to buyer. (1) EXCEPT IN THE CASE OF A FORECLOSURE SALE, THE SELLER OF A UNIT IN A COMMON INTEREST COMMUNITY SHALL MAIL OR DELIVER TO THE PURCHASER, ON OR BEFORE THE TITLE OBJECTION DEADLINE, COPIES OF ALL OF THE FOLLOWING IN THE MOST CURRENT FORM AVAILABLE:

- (a) THE BYLAWS AND THE RULES OF THE ASSOCIATION;
- (b) THE DECLARATION;
- (c) ANY PARTY WALL AGREEMENTS;
- (d) MINUTES OF THE MOST RECENT ANNUAL UNIT OWNERS' MEETING AND OF ANY EXECUTIVE BOARD MEETINGS THAT OCCURRED WITHIN THE SIX MONTHS IMMEDIATELY PRECEDING THE TITLE DEADLINE;
- (e) THE ASSOCIATION'S OPERATING BUDGET;
- (f) THE ASSOCIATION'S ANNUAL INCOME AND EXPENDITURES STATEMENT; AND
- (g) THE ASSOCIATION'S ANNUAL BALANCE SHEET.

(2) WRITTEN NOTICE OF ANY UNSATISFACTORY PROVISION IN ANY OF THE DOCUMENTS LISTED IN SUBSECTION (1) OF THIS SECTION, WHICH NOTICE IS SIGNED BY THE BUYER OR ON BEHALF OF THE BUYER AND GIVEN TO THE SELLER ON OR BEFORE THE TITLE OBJECTION DEADLINE, SHALL BE CAUSE FOR TERMINATION OF THE CONTRACT OF PURCHASE AND SALE OF THE UNIT. IF THE SELLER DOES NOT RECEIVE SUCH WRITTEN NOTICE OF OBJECTION ON OR BEFORE THE TITLE OBJECTION DEADLINE, THE BUYER SHALL BE DEEMED TO HAVE ACCEPTED THE TERMS OF SAID DOCUMENTS, AND THE BUYER'S RIGHT TO TERMINATE THE CONTRACT ON THIS BASIS IS WAIVED.

SECTION 6. 38-33.3-301, Colorado Revised Statutes, is

1 amended to read:

2 **38-33.3-301. Organization of unit owners' association.** A unit
3 owners' association shall be organized no later than the date the first unit
4 in the common interest community is conveyed to a purchaser. The
5 membership of the association at all times shall consist exclusively of all
6 unit owners or, following termination of the common interest community,
7 of all former unit owners entitled to distributions of proceeds under
8 section 38-33.3-218, or their heirs, personal representatives, successors,
9 or assigns. The association shall be organized as a nonprofit,
10 not-for-profit, or for-profit corporation or as a limited liability company
11 in accordance with the laws of the state of Colorado; except that the
12 failure of the association to incorporate or organize as a limited liability
13 company will not adversely affect either the existence of the common
14 interest community for purposes of this article or the rights of persons
15 acting in reliance upon such existence, other than as specifically provided
16 in section 38-33.3-316. NEITHER THE CHOICE OF ENTITY NOR THE
17 ORGANIZATIONAL STRUCTURE OF THE ASSOCIATION SHALL BE DEEMED TO
18 AFFECT ITS SUBSTANTIVE RIGHTS AND OBLIGATIONS UNDER THIS ARTICLE.

19 **SECTION 7.** The introductory portion to 38-33.3-302 (1),
20 Colorado Revised Statutes, is amended, and the said 38-33.3-302 is
21 further amended BY THE ADDITION OF THE FOLLOWING NEW
22 SUBSECTIONS, to read:

23 **38-33.3-302. Powers of unit owners' association.** (1) Except as
24 provided in ~~subsection (2)~~ SUBSECTIONS (2) AND (3) of this section, and
25 subject to the provisions of the declaration, the association, without
26 specific authorization in the declaration, may:

27 (3) ANY MANAGING AGENT, EMPLOYEE, INDEPENDENT

1 CONTRACTOR, OR OTHER PERSON ACTING ON BEHALF OF THE ASSOCIATION
2 SHALL BE SUBJECT TO THIS ARTICLE TO THE SAME EXTENT AS THE
3 ASSOCIATION ITSELF WOULD BE.

4 (4) THE ASSOCIATION'S CONTRACT WITH A MANAGING AGENT
5 SHALL BE TERMINABLE FOR CAUSE WITHOUT PENALTY TO THE
6 ASSOCIATION. ANY SUCH CONTRACT SHALL BE SUBJECT TO
7 RENEGOTIATION AND RENEWAL NO LESS FREQUENTLY THAN ONCE EVERY
8 TWO YEARS.

9 **SECTION 8.** 38-33.3-303 (4), Colorado Revised Statutes, is
10 amended to read:

11 **38-33.3-303. Executive board members and officers - powers**
12 **and duties - _____ audit.** (4) (a) Within ninety days after adoption of
13 any proposed budget for the common interest community, the executive
14 board shall mail, by ordinary first-class mail, or otherwise deliver a
15 summary of the budget to all the unit owners and shall set a date for a
16 meeting of the unit owners to consider the budget. Such meeting shall
17 occur within a reasonable time after mailing or other delivery of the
18 summary, or as allowed for in the bylaws. The executive board shall give
19 notice to the unit owners of the meeting as allowed for in the bylaws.
20 Unless the declaration requires otherwise, the budget proposed by the
21 executive board does not require approval from the unit owners and it
22 will be deemed approved by the unit owners in the absence of a veto at
23 the noticed meeting by a majority of all unit owners, or if permitted in the
24 declaration, a majority of a class of unit owners, or any larger percentage
25 specified in the declaration, whether or not a quorum is present. In the
26 event that the proposed budget is vetoed, the periodic budget last
27 proposed by the executive board and not vetoed by the unit owners must

1 be continued until a subsequent budget proposed by the executive board
2 is not vetoed by the unit owners.

3 (b) THE BOOKS AND RECORDS OF THE ASSOCIATION SHALL BE
4 SUBJECT TO AN AUDIT OR REVIEW, USING GENERALLY ACCEPTED
5 ACCOUNTING PRINCIPLES, AT LEAST ONCE EVERY TWO YEARS BY A PERSON
6 SELECTED BY THE EXECUTIVE BOARD. SUCH PERSON NEEDS NOT BE A
7 CERTIFIED PUBLIC ACCOUNTANT EXCEPT IN THE CASE OF A FULL AUDIT. A
8 FULL AUDIT SHALL NOT BE REQUIRED EXCEPT UPON THE REQUEST OF THE
9 OWNERS OF AT LEAST ONE-THIRD OF THE UNITS. SUCH AUDIT OR REVIEW
10 SHALL BE COMPLETED BY THE DATE SPECIFIED IN THE DECLARATION OR
11 BYLAWS, BUT NO LATER THAN ONE HUNDRED EIGHTY DAYS AFTER THE END
12 OF THE ASSOCIATION'S FISCAL YEAR, AND SHALL BE MADE AVAILABLE
13 UPON REQUEST TO ANY UNIT OWNER BEGINNING NO LATER THAN THIRTY
14 DAYS AFTER ITS COMPLETION.

15 _____
16 **SECTION 9.** 38-33.3-308 (1) and (2), Colorado Revised Statutes,
17 are amended, and the said 38-33.3-308 is further amended BY THE
18 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

19 **38-33.3-308. Meetings.** (1) Meetings of the unit owners, as the
20 members of the association, shall be held at least once each year. Special
21 meetings of the unit owners may be called by the president, by a majority
22 of the executive board, or by unit owners having twenty percent, or any
23 lower percentage specified in the bylaws, of the votes in the association.
24 Not less than ten nor more than fifty days in advance of any meeting of
25 the unit owners, the secretary or other officer specified in the bylaws
26 shall cause notice to be hand delivered or sent prepaid by United States
27 mail to the mailing address of each unit or to any other mailing address

1 designated in writing by the unit owner. The notice of any meeting must
2 SHALL BE PHYSICALLY POSTED IN A CONSPICUOUS PLACE, TO THE EXTENT
3 THAT SUCH POSTING IS FEASIBLE AND PRACTICABLE, IN ADDITION TO ANY
4 ELECTRONIC POSTING OR ELECTRONIC MAIL NOTICES THAT MAY BE GIVEN
5 PURSUANT TO PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION. THE
6 NOTICE SHALL state the time and place of the meeting and the items on the
7 agenda, including the general nature of any proposed amendment to the
8 declaration or bylaws, any budget changes, and any proposal to remove
9 an officer or member of the executive board.

10 (2) (a) All regular and special meetings of the association's
11 executive board, or any committee thereof, shall be open to attendance by
12 all members of the association or their representatives. Agendas for
13 meetings of the executive board shall be made reasonably available for
14 examination by all members of the association or their representatives.

15 (b) THE ASSOCIATION IS ENCOURAGED TO PROVIDE ALL NOTICES
16 AND AGENDAS REQUIRED BY THIS ARTICLE IN ELECTRONIC FORM, BY
17 POSTING ON A WEB SITE OR OTHERWISE, IN ADDITION TO PRINTED FORM.
18 IF SUCH ELECTRONIC MEANS ARE AVAILABLE, THE ASSOCIATION SHALL
19 PROVIDE NOTICE OF ALL REGULAR AND SPECIAL MEETINGS BY ELECTRONIC
20 MAIL TO ALL UNIT OWNERS WHO SO REQUEST AND WHO FURNISH THE
21 ASSOCIATION WITH THEIR ELECTRONIC MAIL ADDRESSES. ELECTRONIC
22 NOTICE OF A SPECIAL MEETING SHALL BE GIVEN AS SOON AS POSSIBLE BUT
23 AT LEAST TWENTY-FOUR HOURS BEFORE THE MEETING.

24 (2.5) (a) NOTWITHSTANDING ANY PROVISION IN THE
25 DECLARATION, BYLAWS, OR OTHER DOCUMENTS TO THE CONTRARY, ALL
26 MEETINGS OF THE ASSOCIATION AND BOARD OF DIRECTORS ARE OPEN TO
27 EVERY UNIT OWNER OF THE ASSOCIATION, OR TO ANY PERSON DESIGNATED

1 BY A UNIT OWNER IN WRITING AS THE UNIT OWNER'S REPRESENTATIVE, AND
2 ALL UNIT OWNERS OR DESIGNATED REPRESENTATIVES SO DESIRING SHALL
3 BE PERMITTED TO ATTEND, LISTEN, AND SPEAK AT AN APPROPRIATE TIME
4 DURING THE DELIBERATIONS AND PROCEEDINGS; EXCEPT THAT, FOR
5 REGULAR AND SPECIAL MEETINGS OF THE BOARD, UNIT OWNERS WHO ARE
6 NOT BOARD MEMBERS MAY NOT PARTICIPATE IN ANY DELIBERATION OR
7 DISCUSSION UNLESS EXPRESSLY SO AUTHORIZED BY A VOTE OF THE
8 MAJORITY OF A QUORUM OF THE BOARD.

9 (b) THE BOARD MAY PLACE REASONABLE TIME RESTRICTIONS ON
10 THOSE PERSONS SPEAKING DURING THE MEETING BUT SHALL PERMIT A UNIT
11 OWNER OR A UNIT OWNER'S DESIGNATED REPRESENTATIVE TO SPEAK
12 BEFORE THE BOARD TAKES FORMAL ACTION ON AN ITEM UNDER
13 DISCUSSION, IN ADDITION TO ANY OTHER OPPORTUNITIES TO SPEAK. THE
14 BOARD SHALL PROVIDE FOR A REASONABLE NUMBER OF PERSONS TO SPEAK
15 ON EACH SIDE OF AN ISSUE.

16 (4.5) UPON FINAL RESOLUTION OF ANY MATTER FOR WHICH THE
17 BOARD RECEIVED LEGAL ADVICE OR THAT CONCERNED PENDING OR
18 CONTEMPLATED LITIGATION, THE BOARD MAY DISCLOSE INFORMATION
19 ABOUT THAT MATTER IN AN OPEN MEETING EXCEPT FOR INFORMATION
20 THAT IS REQUIRED TO REMAIN CONFIDENTIAL BY THE TERMS OF A
21 SETTLEMENT AGREEMENT OR JUDGMENT.

22 **SECTION 10. 38-33.3-310 (1) and (2), Colorado Revised**
23 **Statutes, are amended to read:**

24 **38-33.3-310. Voting - proxies. (1) (a) If only one of the multiple**
25 **owners of a unit is present at a meeting of the association, such owner is**
26 **entitled to cast all the votes allocated to that unit. If more than one of the**
27 **multiple owners are present, the votes allocated to that unit may be cast**

1 only in accordance with the agreement of a majority in interest of the
2 owners, unless the declaration expressly provides otherwise. There is
3 majority agreement if any one of the multiple owners casts the votes
4 allocated to that unit without protest being made promptly to the person
5 presiding over the meeting by any of the other owners of the unit.

6 (b) VOTES FOR POSITIONS ON THE EXECUTIVE BOARD SHALL BE
7 TAKEN BY SECRET BALLOT AND, UPON THE REQUEST OF ONE OR MORE UNIT
8 OWNERS, A VOTE ON ANY OTHER MATTER AFFECTING THE COMMON
9 INTEREST COMMUNITY ON WHICH ALL UNIT OWNERS ARE ENTITLED TO
10 VOTE SHALL BE BY SECRET BALLOT. BALLOTS SHALL BE COUNTED BY A
11 NEUTRAL THIRD PARTY OR BY A UNIT OWNER WHO IS NOT A CANDIDATE,
12 WHO ATTENDS THE MEETING AT WHICH THE VOTE IS HELD, AND WHO IS
13 SELECTED AT RANDOM FROM A POOL OF TWO OR MORE SUCH UNIT OWNERS.
14 THE RESULTS OF THE VOTE SHALL BE REPORTED WITHOUT REFERENCE TO
15 NAMES, ADDRESSES, OR OTHER IDENTIFYING INFORMATION.

16 (2) (a) Votes allocated to a unit may be cast pursuant to a proxy
17 duly executed by a unit owner. A PROXY SHALL NOT BE VALID IF
18 OBTAINED THROUGH FRAUD OR MISREPRESENTATION. UNLESS OTHERWISE
19 PROVIDED IN THE DECLARATION, BYLAWS, OR RULES OF THE ASSOCIATION,
20 APPOINTMENT OF PROXIES MAY BE MADE SUBSTANTIALLY AS PROVIDED IN
21 SECTION 7-127-203, C.R.S.

22 (b) If a unit is owned by more than one person, each owner of the
23 unit may vote or register protest to the casting of votes by the other
24 owners of the unit through a duly executed proxy. A unit owner may not
25 revoke a proxy given pursuant to this section except by actual notice of
26 revocation to the person presiding over a meeting of the association. A
27 proxy is void if it is not dated or purports to be revocable without notice.

1 A proxy terminates eleven months after its date, unless it provides
2 otherwise.

3 (c) THE ASSOCIATION IS ENTITLED TO REJECT A VOTE, CONSENT,
4 WRITTEN BALLOT, WAIVER, PROXY APPOINTMENT, OR PROXY APPOINTMENT
5 REVOCATION IF THE SECRETARY OR OTHER OFFICER OR AGENT AUTHORIZED
6 TO TABULATE VOTES, ACTING IN GOOD FAITH, HAS REASONABLE BASIS FOR
7 DOUBT ABOUT THE VALIDITY OF THE SIGNATURE ON IT OR ABOUT THE
8 SIGNATORY'S AUTHORITY TO SIGN FOR THE UNIT OWNER.

9 (d) THE ASSOCIATION AND ITS OFFICER OR AGENT WHO ACCEPTS OR
10 REJECTS A VOTE, CONSENT, WRITTEN BALLOT, WAIVER, PROXY
11 APPOINTMENT, OR PROXY APPOINTMENT REVOCATION IN GOOD FAITH AND
12 IN ACCORDANCE WITH THE STANDARDS OF THIS SECTION ARE NOT LIABLE
13 IN DAMAGES FOR THE CONSEQUENCES OF THE ACCEPTANCE OR REJECTION.

14 (e) ANY ACTION OF THE ASSOCIATION BASED ON THE ACCEPTANCE
15 OR REJECTION OF A VOTE, CONSENT, WRITTEN BALLOT, WAIVER, PROXY
16 APPOINTMENT, OR PROXY APPOINTMENT REVOCATION UNDER THIS SECTION
17 IS VALID UNLESS A COURT OF COMPETENT JURISDICTION DETERMINES
18 OTHERWISE.

19 **SECTION 11.** Part 3 of article 33.3 of title 38, Colorado Revised
20 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
21 read:

22 **38-33.3-310.5. Executive board - conflicts of interest.** (1) IF
23 ANY CONTRACT, DECISION, OR OTHER ACTION TAKEN BY OR ON BEHALF OF
24 THE EXECUTIVE BOARD WOULD FINANCIALLY BENEFIT ANY MEMBER OF
25 THE EXECUTIVE BOARD OR ANY PERSON WHO IS A PARENT, GRANDPARENT,
26 SPOUSE, CHILD, OR SIBLING OF A MEMBER OF THE EXECUTIVE BOARD OR A
27 PARENT OR SPOUSE OF ANY OF THOSE PERSONS, THAT MEMBER OF THE

1 EXECUTIVE BOARD SHALL DECLARE A CONFLICT OF INTEREST FOR THAT
2 ISSUE. THE MEMBER SHALL DECLARE THE CONFLICT IN AN OPEN MEETING,
3 PRIOR TO ANY DISCUSSION OR ACTION ON THAT ISSUE. AFTER MAKING
4 SUCH DECLARATION, THE MEMBER MAY PARTICIPATE IN THE DISCUSSION
5 BUT SHALL NOT VOTE ON THAT ISSUE.

6 (2) ANY CONTRACT ENTERED INTO IN VIOLATION OF THIS SECTION
7 IS VOID AND UNENFORCEABLE.

8 (3) THIS SECTION SHALL NOT BE CONSTRUED TO INVALIDATE ANY
9 PROVISION OF THE DECLARATION, BYLAWS, OR OTHER DOCUMENTS THAT
10 MORE STRICTLY DEFINES CONFLICTS OF INTEREST OR CONTAINS FURTHER
11 LIMITS ON THE PARTICIPATION OF EXECUTIVE BOARD MEMBERS WHO MAY
12 HAVE CONFLICTS OF INTEREST.

13 _____
14 _____

15 **SECTION 12.** 38-33.3-315, Colorado Revised Statutes, is
16 amended BY THE ADDITION OF A NEW SUBSECTION to read:

17 **38-33.3-315. Assessments for common expenses. (7) UNLESS**
18 **OTHERWISE SPECIFICALLY PROVIDED IN THE DECLARATION OR BYLAWS,**
19 **THE ASSOCIATION MAY ENTER INTO AN ESCROW AGREEMENT WITH THE**
20 **HOLDER OF A UNIT OWNER'S MORTGAGE SO THAT ASSESSMENTS MAY BE**
21 **COMBINED WITH THE UNIT OWNER'S MORTGAGE PAYMENTS AND PAID AT**
22 **THE SAME TIME AND IN THE SAME MANNER; EXCEPT THAT ANY SUCH**
23 **ESCROW AGREEMENT SHALL COMPLY WITH ANY APPLICABLE RULES OF THE**
24 **FEDERAL HOUSING ADMINISTRATION, DEPARTMENT OF HOUSING AND**
25 **URBAN DEVELOPMENT, VETERANS' ADMINISTRATION, OR OTHER**
26 **GOVERNMENT AGENCY.**

27 _____

1 **SECTION 13.** 38-33.3-317, Colorado Revised Statutes, is
2 amended to read:

3 **38-33.3-317. Association records.** (1) (a) The association shall
4 keep financial records sufficiently detailed to enable the association to
5 comply with section 38-33.3-316 (8) concerning statements of unpaid
6 assessments.

7 (b) THE ASSOCIATION SHALL KEEP AS PERMANENT RECORDS
8 MINUTES OF ALL MEETINGS OF UNIT OWNERS AND THE EXECUTIVE BOARD,
9 A RECORD OF ALL ACTIONS TAKEN BY THE UNIT OWNERS OR EXECUTIVE
10 BOARD WITHOUT A MEETING, A RECORD OF ALL ACTIONS TAKEN BY A
11 COMMITTEE OF THE EXECUTIVE BOARD IN PLACE OF THE EXECUTIVE BOARD
12 ON BEHALF OF THE ASSOCIATION, AND A RECORD OF ALL WAIVERS OF
13 NOTICES OF MEETINGS OF UNIT OWNERS AND OF THE EXECUTIVE BOARD OR
14 ANY COMMITTEE OF THE EXECUTIVE BOARD.

15 (c) THE ASSOCIATION OR ITS AGENT SHALL MAINTAIN A RECORD OF
16 UNIT OWNERS IN A FORM THAT PERMITS PREPARATION OF A LIST OF THE
17 NAMES AND ADDRESSES OF ALL UNIT OWNERS, SHOWING THE NUMBER OF
18 VOTES EACH UNIT OWNER IS ENTITLED TO VOTE.

19 (d) THE ASSOCIATION SHALL MAINTAIN ITS RECORDS IN WRITTEN
20 FORM OR IN ANOTHER FORM CAPABLE OF CONVERSION INTO WRITTEN
21 FORM WITHIN A REASONABLE TIME.

22
23 (2) All financial and other records shall be made reasonably
24 available for examination AND COPYING by any unit owner and such
25 owner's authorized agents.

26 (3) THE ASSOCIATION MAY CHARGE A REASONABLE FEE, NOT TO
27 EXCEED TWENTY-FIVE CENTS PER PAGE, FOR COPIES OF ASSOCIATION

1 RECORDS.

2 (4) AS USED IN THIS SECTION, "REASONABLY AVAILABLE" MEANS
3 AVAILABLE DURING NORMAL BUSINESS HOURS, UPON NOTICE OF FIVE
4 BUSINESS DAYS OR LESS, TO THE EXTENT THAT:

5 (a) THE REQUEST IS MADE IN GOOD FAITH AND FOR A PROPER
6 PURPOSE;

7 (b) THE REQUEST DESCRIBES WITH REASONABLE PARTICULARITY
8 THE RECORDS SOUGHT AND THE PURPOSE OF THE REQUEST; AND

9 (c) THE RECORDS ARE RELEVANT TO THE PURPOSE OF THE
10 REQUEST.

11 _____
12 (5) IN ADDITION TO THE RECORDS SPECIFIED IN SUBSECTION (1) OF
13 THIS SECTION, THE ASSOCIATION SHALL KEEP A COPY OF EACH OF THE
14 FOLLOWING RECORDS AT ITS PRINCIPAL OFFICE:

15 (a) ITS ARTICLES OF INCORPORATION, IF IT IS A CORPORATION, OR
16 THE CORRESPONDING ORGANIZATIONAL DOCUMENTS IF IT IS ANOTHER
17 FORM OF ENTITY;

18 (b) THE DECLARATION;

19 (c) ITS BYLAWS;

20 (d) RESOLUTIONS ADOPTED BY ITS EXECUTIVE BOARD RELATING TO
21 THE CHARACTERISTICS, QUALIFICATIONS, RIGHTS, LIMITATIONS, AND
22 OBLIGATIONS OF UNIT OWNERS OR ANY CLASS OR CATEGORY OF UNIT
23 OWNERS;

24 (e) THE MINUTES OF ALL UNIT OWNERS' MEETINGS, AND RECORDS
25 OF ALL ACTION TAKEN BY UNIT OWNERS WITHOUT A MEETING, FOR THE
26 PAST THREE YEARS;

27 (f) ALL WRITTEN COMMUNICATIONS WITHIN THE PAST THREE

1 YEARS TO UNIT OWNERS GENERALLY AS UNIT OWNERS;
2 (g) A LIST OF THE NAMES AND BUSINESS OR HOME ADDRESSES OF
3 ITS CURRENT DIRECTORS AND OFFICERS;
4 (h) ITS MOST RECENT ANNUAL REPORT, IF ANY; AND
5 (i) ALL FINANCIAL AUDITS OR REVIEWS CONDUCTED PURSUANT TO
6 SECTION 38-33.3-303 (4) (b) DURING THE IMMEDIATELY PRECEDING THREE
7 YEARS.

8 (6) THIS SECTION SHALL NOT BE CONSTRUED TO AFFECT:

9 (a) THE RIGHT OF A UNIT OWNER TO INSPECT RECORDS:

10 (I) UNDER CORPORATION STATUTES GOVERNING THE INSPECTION
11 OF LISTS OF SHAREHOLDERS OR MEMBERS PRIOR TO AN ANNUAL MEETING;
12 OR

13 (II) IF THE UNIT OWNER IS IN LITIGATION WITH THE ASSOCIATION,
14 TO THE SAME EXTENT AS ANY OTHER LITIGANT; OR

15 (b) THE POWER OF A COURT, INDEPENDENTLY OF THIS ARTICLE, TO
16 COMPEL THE PRODUCTION OF ASSOCIATION RECORDS FOR EXAMINATION
17 ON PROOF BY A UNIT OWNER OF PROPER PURPOSE.

18 (7) THIS SECTION SHALL NOT BE CONSTRUED TO INVALIDATE ANY
19 PROVISION OF THE DECLARATION, BYLAWS, THE CORPORATE LAW UNDER
20 WHICH THE ASSOCIATION IS ORGANIZED, OR OTHER DOCUMENTS THAT
21 MORE BROADLY DEFINES RECORDS OF THE ASSOCIATION THAT ARE
22 SUBJECT TO INSPECTION AND COPYING BY UNIT OWNERS, OR THAT GRANTS
23 UNIT OWNERS FREER ACCESS TO SUCH RECORDS.

24 **SECTION 14.** Article 35.7 of title 38, Colorado Revised Statutes,
25 is amended BY THE ADDITION OF A NEW SECTION to read:

26 **38-35.7-102. Disclosure - common interest community -**
27 **assessments and other charges.** (1) EVERY CONTRACT FOR THE

1 PURCHASE AND SALE OF RESIDENTIAL REAL PROPERTY IN A COMMON
2 INTEREST COMMUNITY SHALL COMPLY WITH SECTION 38-33.3-223 AND
3 SHALL CONTAIN A DISCLOSURE STATEMENT IN BOLD-FACED TYPE THAT IS
4 CLEARLY LEGIBLE AND IN SUBSTANTIALLY THE FOLLOWING FORM:

5 **"I HEREBY ACKNOWLEDGE THAT THE**
6 **DECLARATION, BYLAWS, AND RULES OF THE**
7 **HOMEOWNERS' ASSOCIATION OF THE [NAME**
8 **OF COMMON INTEREST COMMUNITY], IN**
9 **WHICH MY NEW HOME IS LOCATED,**
10 **CONSTITUTE A CONTRACT BETWEEN THE**
11 **ASSOCIATION AND ME (THE PURCHASER). BY**
12 **SIGNING THIS STATEMENT, I ACKNOWLEDGE**
13 **THAT I HAVE READ AND UNDERSTAND THE**
14 **ASSOCIATION'S CONTRACT WITH ME (THE**
15 **PURCHASER). I ALSO UNDERSTAND THAT BY**
16 **ACCEPTING THIS CONTRACT, I AM**
17 **RESPONSIBLE FOR PAYING ASSESSMENTS TO**
18 **THE ASSOCIATION. IF I DO NOT PAY THESE**
19 **ASSESSMENTS, THE ASSOCIATION COULD**
20 **PLACE A LIEN ON MY HOME AND POSSIBLY**
21 **SELL IT TO COLLECT THE DEBT."**

22 (2) THE OBLIGATION TO PROVIDE THE INFORMATION REQUIRED BY
23 SECTION 38-33.3-223 AND THE DISCLOSURE STATEMENT SET FORTH IN
24 SUBSECTION (1) OF THIS SECTION SHALL BE UPON THE SELLER, AND, IN THE
25 EVENT OF THE FAILURE BY THE SELLER TO PROVIDE SUCH INFORMATION
26 AND DISCLOSURE STATEMENT, THE PURCHASER SHALL HAVE A CLAIM FOR
27 RELIEF AGAINST THE SELLER FOR ALL DAMAGES TO THE PURCHASER

1 RESULTING FROM SUCH FAILURE PLUS COURT COSTS.

2

3
4 SECTION 15. 10-4-110.8 (3) and (4), Colorado Revised Statutes,
5 are amended to read:

6 **10-4-110.8. Homeowner's insurance - prohibited practices -**
7 **definitions.** (3) For the purposes of this section, unless the context
8 otherwise requires:

9 (a) "Claim" includes a demand for payment of a benefit by the
10 insured, the payment of a covered benefit by an insurer, a loss reserve
11 established by the insurer, a loss adjustment expense incurred by the
12 insurer, or a payment made to the insured.

13 (b) "INQUIRY" MEANS A REQUEST FOR INFORMATION REGARDING
14 THE TERMS, CONDITIONS, OR COVERAGES AFFORDED UNDER AN INSURANCE
15 CONTRACT.

16

17 (4) (a) For the purposes of this section, "inquiry" means a request
18 for information regarding the terms, conditions, or coverages afforded
19 under an insurance contract. EVERY INSURER ISSUING A POLICY OF
20 HOMEOWNER'S INSURANCE SHALL COMPLY WITH SECTION 10-3-1104 (1)
21 (H) AND ALL OTHER PROVISIONS OF PART 11 OF ARTICLE 3 OF THIS TITLE.

22 **SECTION 16. Safety clause.** The general assembly hereby
23 finds, determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.