

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

REVISED

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

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
Local Government

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.

HOUSE
Amended 2nd Reading
April 14, 2005

SENATE
3rd Reading Unamended
February 28, 2005

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 SECTION OF A~~ restrictive
7 covenant that prohibits or limits XERISCAPE, PROHIBITS OR LIMITS the
8 installation or use of drought-tolerant vegetative landscapes, ~~is prohibited~~
9 OR REQUIRES CULTIVATED VEGETATION TO CONSIST EXCLUSIVELY OR
10 PRIMARILY OF TURF GRASS IS HEREBY DECLARED CONTRARY TO PUBLIC
11 ~~POLICY AND, ON THAT BASIS, THAT SECTION OF THE COVENANT~~
12 ~~SHALL BE UNENFORCEABLE.~~

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

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

22 (A) AN ARCHITECT'S STAMP;

23 (B) PREAPPROVAL BY AN ARCHITECT OR LANDSCAPE ARCHITECT

1 RETAINED BY THE EXECUTIVE BOARD;

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

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

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

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

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

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

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

1 (II) ENFORCEMENT SHALL BE CONSISTENT WITHIN THE COMMUNITY
2 AND NOT ARBITRARY OR CAPRICIOUS; AND

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

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

9 **38-33.3-106.5. Prohibitions contrary to public policy - patriotic**
10 **and political expression - emergency vehicles - fire prevention -**
11 **definitions.** (1) NOTWITHSTANDING ANY PROVISION IN THE

12 DECLARATION, BYLAWS, OR RULES AND REGULATIONS OF THE
13 ASSOCIATION TO THE CONTRARY, AN ASSOCIATION SHALL NOT PROHIBIT
14 ANY OF THE FOLLOWING:

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

25 (b) THE DISPLAY BY A UNIT OWNER OF A SERVICE FLAG BEARING
26 A STAR DENOTING THE SERVICE OF THE UNIT OWNER OR A MEMBER OF THE
27 UNIT OWNER'S IMMEDIATE FAMILY IN THE ACTIVE OR RESERVE MILITARY

1 SERVICE OF THE UNITED STATES DURING A TIME OF WAR OR ARMED
2 CONFLICT, ON THE INSIDE OF A WINDOW OR DOOR OF THE UNIT OWNER'S
3 RESIDENCE. THE ASSOCIATION MAY ADOPT REASONABLE RULES
4 REGARDING THE SIZE AND MANNER OF DISPLAY OF SERVICE FLAGS; EXCEPT
5 THAT THE MAXIMUM DIMENSIONS ALLOWED SHALL BE NOT LESS THAN NINE
6 INCHES BY SIXTEEN INCHES.

7 (c) (I) THE DISPLAY OF A POLITICAL SIGN BY A UNIT OWNER ON
8 THAT UNIT OWNER'S PROPERTY OR IN A WINDOW OF THE UNIT OWNER'S
9 RESIDENCE; EXCEPT THAT AN ASSOCIATION MAY PROHIBIT THE DISPLAY OF
10 POLITICAL SIGNS EARLIER THAN FORTY-FIVE DAYS BEFORE THE DAY OF AN
11 ELECTION AND LATER THAN SEVEN DAYS AFTER AN ELECTION DAY. AN
12 ASSOCIATION MAY REGULATE THE SIZE AND NUMBER OF POLITICAL SIGNS
13 THAT MAY BE PLACED ON A UNIT OWNER'S PROPERTY IF THE ASSOCIATION'S
14 REGULATION IS NO MORE RESTRICTIVE THAN ANY APPLICABLE CITY, TOWN,
15 OR COUNTY ORDINANCE THAT REGULATES THE SIZE AND NUMBER OF
16 POLITICAL SIGNS ON RESIDENTIAL PROPERTY. IF THE CITY, TOWN, OR
17 COUNTY IN WHICH THE PROPERTY IS LOCATED DOES NOT REGULATE THE
18 SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY, THE
19 ASSOCIATION SHALL PERMIT AT LEAST ONE POLITICAL SIGN PER POLITICAL
20 OFFICE OR BALLOT ISSUE THAT IS CONTESTED IN A PENDING ELECTION,
21 WITH THE MAXIMUM DIMENSIONS OF THIRTY-SIX INCHES BY FORTY-EIGHT
22 INCHES₂ ON A UNIT OWNER'S PROPERTY.

23 (II) AS USED IN THIS PARAGRAPH (c), "POLITICAL SIGN" MEANS A
24 SIGN THAT CARRIES A MESSAGE INTENDED TO INFLUENCE THE OUTCOME OF
25 AN ELECTION, INCLUDING SUPPORTING OR OPPOSING THE ELECTION OF A
26 CANDIDATE, THE RECALL OF A PUBLIC OFFICIAL, OR THE PASSAGE OF A
27 BALLOT ISSUE.

1 (d) THE PARKING OF A MOTOR VEHICLE BY A UNIT OWNER ON A
2 STREET, DRIVEWAY, OR GUEST PARKING AREA IN THE COMMON INTEREST
3 COMMUNITY IF THE VEHICLE IS REQUIRED TO BE AVAILABLE AT
4 DESIGNATED PERIODS AT THE UNIT OWNER'S RESIDENCE AS A CONDITION
5 OF THE UNIT OWNER'S EMPLOYMENT AND ALL OF THE FOLLOWING CRITERIA
6 ARE MET:

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

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

12 (III) THE VEHICLE BEARS AN OFFICIAL EMBLEM OR OTHER VISIBLE
13 DESIGNATION OF THE EMERGENCY SERVICE PROVIDER; AND

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

18 (e) THE REMOVAL BY A UNIT OWNER OF TREES, SHRUBS, OR OTHER
19 VEGETATION TO CREATE DEFENSIBLE SPACE AROUND A DWELLING FOR FIRE
20 MITIGATION PURPOSES, SO LONG AS SUCH REMOVAL COMPLIES WITH A
21 WRITTEN DEFENSIBLE SPACE PLAN CREATED FOR THE PROPERTY BY THE
22 COLORADO STATE FOREST SERVICE, AN INDIVIDUAL OR COMPANY
23 CERTIFIED BY A LOCAL GOVERNMENTAL ENTITY TO CREATE SUCH A PLAN,
24 OR THE FIRE CHIEF, FIRE MARSHAL, OR FIRE PROTECTION DISTRICT WITHIN
25 WHOSE JURISDICTION THE UNIT IS LOCATED, AND IS NO MORE EXTENSIVE
26 THAN NECESSARY TO COMPLY WITH SUCH PLAN. THE PLAN SHALL BE
27 REGISTERED WITH THE ASSOCIATION BEFORE THE COMMENCEMENT OF

1 WORK. THE ASSOCIATION MAY REQUIRE CHANGES TO THE PLAN IF THE
2 ASSOCIATION OBTAINS THE CONSENT OF THE PERSON, OFFICIAL, OR
3 AGENCY THAT ORIGINALLY CREATED THE PLAN. THE WORK SHALL
4 COMPLY WITH APPLICABLE ASSOCIATION STANDARDS REGARDING SLASH
5 REMOVAL, STUMP HEIGHT, REVEGETATION, AND CONTRACTOR
6 REGULATIONS.

7 (f) (I) THE REPLACEMENT BY A UNIT OWNER OF CEDAR SHAKES OR
8 OTHER FLAMMABLE ROOFING MATERIALS WITH NONFLAMMABLE ROOFING
9 MATERIALS FOR FIRE PREVENTION OR FIRE SUPPRESSION PURPOSES.

10 (II) THE DECLARATION OR BYLAWS MAY SPECIFY REASONABLE
11 STANDARDS FOR THE COLOR, APPEARANCE, AND GENERAL TYPE OF
12 NONFLAMMABLE ROOFING MATERIALS THAT ARE USED TO REPLACE
13 FLAMMABLE ROOFING MATERIALS, BUT MAY NOT REQUIRE THE USE OF
14 NONFLAMMABLE MATERIALS THAT EXCEED THE REPLACEMENT COST OF
15 THE FLAMMABLE MATERIALS FOR WHICH THEY ARE BEING SUBSTITUTED.

16 **SECTION 3.** 38-33.3-117 (1), Colorado Revised Statutes, is
17 amended to read:

18 **38-33.3-117. Applicability to preexisting common interest**
19 **communities.** (1) Except as provided in section 38-33.3-119, the
20 following sections shall apply to all common interest communities
21 created within this state before July 1, 1992, with respect to events and
22 circumstances occurring on or after July 1, 1992:

23 (a) 38-33.3-101 and 38-33.3-102;

24 (b) 38-33.3-103, to the extent necessary in construing any of the
25 other sections of this article;

26 (c) 38-33.3-104 to 38-33.3-111;

27 (d) 38-33.3-114;

- 1 (e) 38-33.3-118;
- 2 (f) 38-33.3-120;
- 3 (g) 38-33.3-122 and 38-33.3-123;
- 4 (g.5) 38-33.3-124;
- 5 (h) 38-33.3-203 and 38-33.3-217 (1) AND (7);
- 6 (h.3) 38-33.3-205 (2);
- 7 (h.5) 38-33.3-209.4 TO 38-33.3-209.7;
- 8 (h.6) 38-33.3-221.5;
- 9 (h.7) 38-33.3-223;
- 10 (h.8) 38-33.3-301;
- 11 (h.9) 38-33.3-302 (1) (a) to (1) (f), (1) (j) to (1) (m), and (1) (o)
- 12 to (1) (q), (2), (3), AND (4);
- 13 (i.3) 38-33.3-303 (4) (b);
- 14 (i.5) 38-33.3-308 (1), (2.5), AND (4.5);
- 15 (i.6) 38-33.3-310 (1) AND (2);
- 16 (i.7) 38-33.3-310.5;
- 17 (j) 38-33.3-311;
- 18 (j.6) 38-33.3-315 (7);
- 19 (k) 38-33.3-316;
- 20 (l) 38-33.3-317 to 38-33.3-319.

21 **SECTION 4.** 38-33.3-123 (1), Colorado Revised Statutes, is
22 amended to read:

23 **38-33.3-123. Enforcement - limitation.** (1) (a) If any person
24 subject to the provisions of this article fails to comply with any of its
25 provisions or any provision of the declaration, bylaws, articles, or rules
26 and regulations, any person or class of persons adversely affected by the
27 failure to comply may ~~require~~ SEEK reimbursement for collection costs

1 and reasonable attorney fees and costs incurred as a result of such failure
2 to comply. ~~without the necessity of commencing a legal proceeding.~~
3 NOTWITHSTANDING ANY PROVISION OF THE DECLARATION, BYLAWS,
4 ARTICLES, OR RULES AND REGULATIONS TO THE CONTRARY, A UNIT OWNER
5 SHALL NOT BE DEEMED TO HAVE CONFESSED JUDGMENT TO ATTORNEY
6 FEES OR COLLECTION COSTS.

7 (b) For each claim, including but not limited to counterclaims,
8 cross-claims, and third-party claims, in any legal proceeding to enforce
9 the provisions of this article or of the declaration, bylaws, articles, or
10 rules and regulations: ~~the court shall award to the party prevailing on~~
11 ~~such claim the prevailing party's reasonable collection costs and attorney~~
12 ~~fees and costs incurred in asserting or defending the claim.~~

13 (I) IF THE COURT FINDS A VIOLATION OF THIS ARTICLE OR OF THE
14 DECLARATION, BYLAWS, ARTICLES, OR RULES AND REGULATIONS, THE
15 COURT SHALL AWARD THE PREVAILING PARTY ITS COSTS AND REASONABLE
16 ATTORNEY FEES; AND

17 (II) IF THE COURT DOES NOT FIND A VIOLATION OF THIS SECTION,
18 IT SHALL AWARD COSTS AND REASONABLE ATTORNEY FEES TO THE
19 PREVAILING PARTY ONLY IF THE COURT FINDS THAT THE ACTION WAS
20 FRIVOLOUS, VEXATIOUS, OR GROUNDLESS.

21 **SECTION 5. 38-33.3-124, Colorado Revised Statutes, is**
22 **amended to read:**

23 **38-33.3-124. Legislative declaration - alternative dispute**
24 **resolution encouraged.** (1) THE GENERAL ASSEMBLY FINDS AND
25 DECLARES THAT THE COST, COMPLEXITY, AND DELAY INHERENT IN COURT
26 PROCEEDINGS MAKE LITIGATION A PARTICULARLY INEFFICIENT MEANS OF
27 RESOLVING NEIGHBORHOOD DISPUTES. THEREFORE, COMMON INTEREST

1 COMMUNITIES ARE ENCOURAGED TO ADOPT PROTOCOLS THAT MAKE USE
2 OF MEDIATION OR ARBITRATION AS ALTERNATIVES TO, OR PRECONDITIONS
3 UPON, THE FILING OF A COMPLAINT BETWEEN A UNIT OWNER AND
4 ASSOCIATION IN SITUATIONS THAT DO NOT INVOLVE AN IMMINENT THREAT
5 TO THE PEACE, HEALTH, OR SAFETY OF THE COMMUNITY.

6 ~~(1)~~ (2) (a) Any controversy between an association and a unit
7 owner arising out of the provisions of this article may be submitted to
8 mediation by either party to the controversy prior to the commencement
9 of any legal proceeding.

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

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

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

19 _____
20 _____

21 **SECTION 6.** Part 2 of article 33.3 of title 38, Colorado Revised
22 Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW
23 SECTIONS to read:

24 **38-33.3-209.4. Public disclosures required - identity of**
25 **association - agent - manager - contact information.** (1) THE
26 ASSOCIATION SHALL PROVIDE TO ALL UNIT OWNERS, AT LEAST ONCE PER
27 YEAR, A WRITTEN NOTICE STATING THE NAME OF THE ASSOCIATION; THE

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

12 (2) WITHIN NINETY DAYS AFTER ASSUMING CONTROL FROM THE
13 DECLARANT PURSUANT TO SECTION 38-33.3-303 (5), AND WITHIN NINETY
14 DAYS AFTER THE END OF EACH FISCAL YEAR THEREAFTER, THE
15 ASSOCIATION SHALL MAKE THE FOLLOWING INFORMATION AVAILABLE TO
16 UNIT OWNERS UPON REASONABLE NOTICE IN ACCORDANCE WITH
17 SUBSECTION (3) OF THIS SECTION:

- 18 (a) THE DATE ON WHICH ITS FISCAL YEAR COMMENCES;
- 19 (b) ITS OPERATING BUDGET FOR THE CURRENT FISCAL YEAR;
- 20 (c) A LIST, BY UNIT TYPE, OF THE ASSOCIATION'S CURRENT
21 ASSESSMENTS, INCLUDING BOTH REGULAR AND SPECIAL ASSESSMENTS;
- 22 (d) ITS ANNUAL FINANCIAL STATEMENTS, INCLUDING ANY
23 AMOUNTS HELD IN RESERVE FOR THE FISCAL YEAR IMMEDIATELY
24 PRECEDING THE CURRENT ANNUAL DISCLOSURE;
- 25 (e) THE RESULTS OF ANY FINANCIAL AUDIT OR REVIEW FOR THE
26 FISCAL YEAR IMMEDIATELY PRECEDING THE CURRENT ANNUAL
27 DISCLOSURE;

1 (f) A LIST OF ALL ASSOCIATION INSURANCE POLICIES, INCLUDING,
2 BUT NOT LIMITED TO, PROPERTY, GENERAL LIABILITY, ASSOCIATION
3 DIRECTOR AND OFFICER PROFESSIONAL LIABILITY, AND FIDELITY POLICIES.
4 SUCH LIST SHALL INCLUDE THE COMPANY NAMES, POLICY LIMITS, POLICY
5 DEDUCTIBLES, ADDITIONAL NAMED INSUREDS, AND EXPIRATION DATES OF
6 THE POLICIES LISTED.

7 (g) ALL THE ASSOCIATION'S BYLAWS, ARTICLES, AND RULES AND
8 REGULATIONS;

9 (h) THE MINUTES OF THE EXECUTIVE BOARD AND MEMBER
10 MEETINGS FOR THE FISCAL YEAR IMMEDIATELY PRECEDING THE CURRENT
11 ANNUAL DISCLOSURE; AND

12 (i) THE ASSOCIATION'S RESPONSIBLE GOVERNANCE POLICIES
13 ADOPTED UNDER SECTION 38-33.3-209.5.

14 (3) IT IS THE INTENT OF THIS SECTION TO ALLOW THE ASSOCIATION
15 THE WIDEST POSSIBLE LATITUDE IN METHODS AND MEANS OF DISCLOSURE,
16 WHILE REQUIRING THAT THE INFORMATION BE READILY AVAILABLE AT NO
17 COST TO UNIT OWNERS AT THEIR CONVENIENCE. DISCLOSURE SHALL BE
18 ACCOMPLISHED BY ONE OF THE FOLLOWING MEANS: POSTING ON AN
19 INTERNET WEB PAGE WITH ACCOMPANYING NOTICE OF THE WEB ADDRESS
20 VIA FIRST-CLASS MAIL OR E-MAIL; THE MAINTENANCE OF A LITERATURE
21 TABLE OR BINDER AT THE ASSOCIATION'S PRINCIPAL PLACE OF BUSINESS;
22 OR MAIL OR PERSONAL DELIVERY. THE COST OF SUCH DISTRIBUTION SHALL
23 BE ACCOUNTED FOR AS A COMMON EXPENSE LIABILITY.

24 (4) NOTWITHSTANDING SECTION 38-33.3-117 (1) (h.5), THIS
25 SECTION SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF THE
26 UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

27 **38-33.3-209.5. Responsible governance policies.** (1) To

1 PROMOTE RESPONSIBLE GOVERNANCE, ASSOCIATIONS SHALL:
2 (a) MAINTAIN ACCOUNTING RECORDS USING GENERALLY ACCEPTED
3 ACCOUNTING PRINCIPLES; AND
4 (b) ADOPT POLICIES, PROCEDURES, AND RULES AND REGULATIONS
5 CONCERNING:
6 (I) COLLECTION OF UNPAID ASSESSMENTS;
7 (II) HANDLING OF CONFLICTS OF INTEREST INVOLVING BOARD
8 MEMBERS;
9 (III) CONDUCT OF MEETINGS, WHICH MAY REFER TO APPLICABLE
10 PROVISIONS OF THE NONPROFIT CODE OR OTHER RECOGNIZED RULES AND
11 PRINCIPLES;
12 (IV) ENFORCEMENT OF COVENANTS AND RULES, INCLUDING
13 NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES;
14 (V) INSPECTION AND COPYING OF ASSOCIATION RECORDS BY UNIT
15 OWNERS;
16 (VI) INVESTMENT OF RESERVE FUNDS; AND
17 (VII) PROCEDURES FOR THE ADOPTION AND AMENDMENT OF
18 POLICIES, PROCEDURES, AND RULES.

19 **38-33.3-209.6. Executive board member education.** THE BOARD
20 MAY AUTHORIZE, AND ACCOUNT FOR AS A COMMON EXPENSE,
21 REIMBURSEMENT OF BOARD MEMBERS FOR THEIR ACTUAL AND NECESSARY
22 EXPENSES INCURRED IN ATTENDING EDUCATIONAL MEETINGS AND
23 SEMINARS ON RESPONSIBLE GOVERNANCE OF UNIT OWNERS' ASSOCIATIONS.

24 **38-33.3-209.7. Owner education.** THE ASSOCIATION SHALL
25 PROVIDE, OR CAUSE TO BE PROVIDED, EDUCATION TO OWNERS AT NO COST
26 ON AT LEAST AN ANNUAL BASIS AS TO THE GENERAL OPERATIONS OF THE
27 ASSOCIATION AND THE RIGHTS AND RESPONSIBILITIES OF OWNERS, THE

1 ASSOCIATION, AND ITS EXECUTIVE BOARD. THE CRITERIA FOR COMPLIANCE
2 WITH THIS SECTION SHALL BE DETERMINED BY THE EXECUTIVE BOARD.

3 **SECTION 7.** 38-33.3-217 (1), Colorado Revised Statutes, is
4 amended to read:

5 **38-33.3-217. Amendment of declaration.** (1) (a) Except in
6 cases of amendments that may be executed by a declarant under section
7 38-33.3-205 (4) and (5), 38-33.3-208 (3), 38-33.3-209 (6), 38-33.3-210,
8 or 38-33.3-222, by an association under section 38-33.3-107, 38-33.3-206
9 (4), 38-33.3-208 (2), 38-33.3-212, 38-33.3-213, or 38-33.3-218 (11) and
10 (12), or by the district court for any county that includes all or any
11 portion of a common interest community under subsection (7) of this
12 section, and except as limited by subsection (4) of this section, the
13 declaration, including the plats and maps, may be amended only by THE
14 AFFIRMATIVE vote or agreement of unit owners of units to which more
15 than fifty percent of the votes in the association are allocated or any
16 larger percentage, NOT TO EXCEED SIXTY-SEVEN PERCENT, THAT the
17 declaration specifies. ANY PROVISION IN THE DECLARATION THAT
18 PURPORTS TO SPECIFY A PERCENTAGE LARGER THAN SIXTY-SEVEN PERCENT
19 IS HEREBY DECLARED VOID AS CONTRARY TO PUBLIC POLICY, AND UNTIL
20 AMENDED, SUCH PROVISION SHALL BE DEEMED TO SPECIFY A PERCENTAGE
21 OF SIXTY-SEVEN PERCENT. The declaration may specify a smaller
22 percentage THAN A SIMPLE MAJORITY only if all of the units are restricted
23 exclusively to nonresidential use.

24 (b) IF THE DECLARATION REQUIRES FIRST MORTGAGEES TO
25 APPROVE OR CONSENT TO AMENDMENTS, THE ASSOCIATION SHALL SEND A
26 DATED, WRITTEN NOTICE AND A COPY OF ANY PROPOSED AMENDMENT BY
27 CERTIFIED MAIL TO EACH FIRST MORTGAGEE AT ITS MOST RECENT ADDRESS

1 AS SHOWN ON THE RECORDED DEED OF TRUST OR RECORDED ASSIGNMENT
2 THEREOF. IN ADDITION, THE ASSOCIATION SHALL CAUSE THE DATED
3 NOTICE AND THE PROPOSED AMENDMENT TO BE PRINTED IN FULL AT LEAST
4 TWICE, ON SEPARATE OCCASIONS AT LEAST ONE WEEK APART, IN A
5 NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY IN WHICH THE
6 COMMON INTEREST COMMUNITY IS LOCATED. A FIRST MORTGAGEE THAT
7 DOES NOT DELIVER TO THE ASSOCIATION A NEGATIVE RESPONSE WITHIN
8 SIXTY DAYS AFTER THE DATE OF THE NOTICE SHALL BE DEEMED TO HAVE
9 APPROVED THE PROPOSED AMENDMENT.

10 **SECTION 8.** Part 2 of article 33.3 of title 38, Colorado Revised
11 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
12 read:

13 **38-33.3-221.5. Withdrawal from merged common interest**
14 **community.** (1) A COMMON INTEREST COMMUNITY THAT WAS MERGED
15 OR CONSOLIDATED WITH ANOTHER COMMON INTEREST COMMUNITY, OR IS
16 PARTY TO AN AGREEMENT TO DO SO PURSUANT TO SECTION 38-33.3-221,
17 MAY WITHDRAW FROM THE MERGED OR CONSOLIDATED COMMON
18 INTEREST COMMUNITY OR TERMINATE THE AGREEMENT TO MERGE OR
19 CONSOLIDATE, WITHOUT THE CONSENT OF THE OTHER COMMON INTEREST
20 COMMUNITY OR COMMUNITIES INVOLVED, IF THE COMMON INTEREST
21 COMMUNITY WISHING TO WITHDRAW MEETS ALL OF THE FOLLOWING
22 CRITERIA:

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

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

26 (c) IT IS OR HAS BEEN A SELF-OPERATING COMMON INTEREST
27 COMMUNITY OR ASSOCIATION CONTINUOUSLY FOR AT LEAST TWENTY-FIVE

1 YEARS;

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

5 (e) ITS UNIT OWNERS HAVE APPROVED THE WITHDRAWAL BY A
6 MAJORITY VOTE AND THE OWNERS OF UNITS REPRESENTING AT LEAST
7 SEVENTY-FIVE PERCENT OF THE ALLOCATED INTERESTS IN THE COMMON
8 INTEREST COMMUNITY WISHING TO WITHDRAW PARTICIPATED IN THE VOTE;
9 AND

10 (f) ITS WITHDRAWAL WOULD NOT SUBSTANTIALLY IMPAIR THE
11 ABILITY OF THE REMAINDER OF THE MERGED COMMON INTEREST
12 COMMUNITY OR ASSOCIATION TO:

13 (I) ENFORCE EXISTING COVENANTS;

14 (II) MAINTAIN EXISTING FACILITIES; OR

15 (III) CONTINUE TO EXIST.

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

20 **SECTION 9.** Part 2 of article 33.3 of title 38, Colorado Revised
21 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
22 read:

23 **38-33.3-223. Sale of unit - disclosure to buyer.** (1) EXCEPT IN
24 THE CASE OF A FORECLOSURE SALE, THE SELLER OF A UNIT IN A COMMON
25 INTEREST COMMUNITY SHALL MAIL OR DELIVER TO THE PURCHASER, ON OR
26 BEFORE THE TITLE DEADLINE, COPIES OF ALL OF THE FOLLOWING IN
27 THE MOST CURRENT FORM AVAILABLE:

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

11 (2) THE ASSOCIATION SHALL USE ITS BEST EFFORTS TO
12 ACCOMMODATE A REQUEST BY THE SELLER FOR DOCUMENTS THAT ARE
13 WITHIN THE ASSOCIATION'S CONTROL, IN ACCORDANCE WITH SECTION
14 38-33.3-317.

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

25 (4) THE TIME PERIODS SPECIFIED IN THIS SECTION MAY BE ALTERED
26 BY MUTUAL AGREEMENT OF THE PARTIES.

27 (5) NOTWITHSTANDING SECTION 38-33.3-117 (1) (h.7), THIS

1 SECTION SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF THE
2 UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

3 **SECTION 10.** 38-33.3-301, Colorado Revised Statutes, is
4 amended to read:

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

22 **SECTION 11.** The introductory portion to 38-33.3-302 (1),
23 Colorado Revised Statutes, is amended, and the said 38-33.3-302 is
24 further amended BY THE ADDITION OF THE FOLLOWING NEW
25 SUBSECTIONS, to read:

26 **38-33.3-302. Powers of unit owners' association.** (1) Except as
27 provided in ~~subsection (2)~~ SUBSECTIONS (2) AND (3) of this section, and

1 subject to the provisions of the declaration, the association, without
2 specific authorization in the declaration, may:

3 (3) (a) ANY MANAGING AGENT, EMPLOYEE, INDEPENDENT
4 CONTRACTOR, OR OTHER PERSON ACTING ON BEHALF OF THE ASSOCIATION
5 SHALL BE SUBJECT TO THIS ARTICLE TO THE SAME EXTENT AS THE
6 ASSOCIATION ITSELF WOULD BE.

7 (b) DECISIONS CONCERNING THE APPROVAL OR DENIAL OF A UNIT
8 OWNER'S APPLICATION FOR ARCHITECTURAL OR LANDSCAPING CHANGES
9 SHALL BE MADE IN ACCORDANCE WITH STANDARDS AND PROCEDURES SET
10 FORTH IN THE DECLARATION OR IN DULY ADOPTED RULES AND
11 REGULATIONS OR BYLAWS OF THE ASSOCIATION, AND SHALL NOT BE MADE
12 ARBITRARILY OR CAPRICIOUSLY.

13 (4) THE ASSOCIATION'S CONTRACT WITH A MANAGING AGENT
14 SHALL BE TERMINABLE FOR CAUSE WITHOUT PENALTY TO THE
15 ASSOCIATION. ANY SUCH CONTRACT SHALL BE SUBJECT TO
16 RENEGOTIATION AND RENEWAL NO LESS FREQUENTLY THAN ONCE EVERY
17 TWO YEARS.

18 **SECTION 12.** 38-33.3-303 (4), Colorado Revised Statutes, is
19 amended to read:

20 **38-33.3-303. Executive board members and officers - powers**
21 **and duties - _____ audit.** (4) (a) Within ninety days after adoption of
22 any proposed budget for the common interest community, the executive
23 board shall mail, by ordinary first-class mail, or otherwise deliver a
24 summary of the budget to all the unit owners and shall set a date for a
25 meeting of the unit owners to consider the budget. Such meeting shall
26 occur within a reasonable time after mailing or other delivery of the
27 summary, or as allowed for in the bylaws. The executive board shall give

1 notice to the unit owners of the meeting as allowed for in the bylaws.
2 Unless the declaration requires otherwise, the budget proposed by the
3 executive board does not require approval from the unit owners and it
4 will be deemed approved by the unit owners in the absence of a veto at
5 the noticed meeting by a majority of all unit owners, or if permitted in the
6 declaration, a majority of a class of unit owners, or any larger percentage
7 specified in the declaration, whether or not a quorum is present. In the
8 event that the proposed budget is vetoed, the periodic budget last
9 proposed by the executive board and not vetoed by the unit owners must
10 be continued until a subsequent budget proposed by the executive board
11 is not vetoed by the unit owners.

12 (b) (I) THE BOOKS AND RECORDS OF THE ASSOCIATION SHALL BE
13 SUBJECT TO AN AUDIT, USING GENERALLY ACCEPTED AUDITING
14 STANDARDS, OR A REVIEW, USING STATEMENTS ON STANDARDS FOR
15 ACCOUNTING AND REVIEW SERVICES, AT LEAST ONCE EVERY TWO YEARS
16 BY A PERSON SELECTED BY THE EXECUTIVE BOARD. SUCH PERSON NEED
17 NOT BE A CERTIFIED PUBLIC ACCOUNTANT EXCEPT IN THE CASE OF AN
18 AUDIT.

19 (II) AN AUDIT SHALL BE REQUIRED UNDER THIS PARAGRAPH (b)
20 ONLY WHEN BOTH OF THE FOLLOWING CONDITIONS ARE MET:

21 (A) THE ASSOCIATION HAS ANNUAL REVENUES OR EXPENDITURES
22 OF AT LEAST TWO HUNDRED FIFTY THOUSAND DOLLARS; AND

23 (B) AN AUDIT IS REQUESTED BY THE OWNERS OF AT LEAST
24 ONE-THIRD OF THE UNITS REPRESENTED BY THE ASSOCIATION.

25 (III) COPIES OF AN AUDIT OR REVIEW UNDER THIS PARAGRAPH (b)
26 SHALL BE MADE AVAILABLE UPON REQUEST TO ANY UNIT OWNER
27 BEGINNING NO LATER THAN THIRTY DAYS AFTER ITS COMPLETION.

1 (IV) NOTWITHSTANDING SECTION 38-33.3-117 (1) (i.3), THIS
2 PARAGRAPH (b) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF
3 THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

4
5 SECTION 13. 38-33.3-308 (1) and (2), Colorado Revised
6 Statutes, are amended, and the said 38-33.3-308 is further amended BY
7 THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to
8 read:

9 38-33.3-308. Meetings. (1) Meetings of the unit owners, as the
10 members of the association, shall be held at least once each year. Special
11 meetings of the unit owners may be called by the president, by a majority
12 of the executive board, or by unit owners having twenty percent, or any
13 lower percentage specified in the bylaws, of the votes in the association.
14 Not less than ten nor more than fifty days in advance of any meeting of
15 the unit owners, the secretary or other officer specified in the bylaws
16 shall cause notice to be hand delivered or sent prepaid by United States
17 mail to the mailing address of each unit or to any other mailing address
18 designated in writing by the unit owner. The notice of any meeting must
19 SHALL BE PHYSICALLY POSTED IN A CONSPICUOUS PLACE, TO THE EXTENT
20 THAT SUCH POSTING IS FEASIBLE AND PRACTICABLE, IN ADDITION TO ANY
21 ELECTRONIC POSTING OR ELECTRONIC MAIL NOTICES THAT MAY BE GIVEN
22 PURSUANT TO PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION. THE
23 NOTICE SHALL state the time and place of the meeting and the items on the
24 agenda, including the general nature of any proposed amendment to the
25 declaration or bylaws, any budget changes, and any proposal to remove
26 an officer or member of the executive board.

27 (2) (a) All regular and special meetings of the association's

1 executive board, or any committee thereof, shall be open to attendance by
2 all members of the association or their representatives. Agendas for
3 meetings of the executive board shall be made reasonably available for
4 examination by all members of the association or their representatives.

5 (b) (I) THE ASSOCIATION IS ENCOURAGED TO PROVIDE ALL NOTICES
6 AND AGENDAS REQUIRED BY THIS ARTICLE IN ELECTRONIC FORM, BY
7 POSTING ON A WEB SITE OR OTHERWISE, IN ADDITION TO PRINTED FORM.
8 IF SUCH ELECTRONIC MEANS ARE AVAILABLE, THE ASSOCIATION SHALL
9 PROVIDE NOTICE OF ALL REGULAR AND SPECIAL MEETINGS OF UNIT
10 OWNERS BY ELECTRONIC MAIL TO ALL UNIT OWNERS WHO SO REQUEST AND
11 WHO FURNISH THE ASSOCIATION WITH THEIR ELECTRONIC MAIL
12 ADDRESSES. ELECTRONIC NOTICE OF A SPECIAL MEETING SHALL BE GIVEN
13 AS SOON AS POSSIBLE BUT AT LEAST TWENTY-FOUR HOURS BEFORE THE
14 MEETING.

15 (II) NOTWITHSTANDING SECTION 38-33.3-117 (1) (i.5), THIS
16 PARAGRAPH (b) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF
17 THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

18 (2.5) (a) NOTWITHSTANDING ANY PROVISION IN THE DECLARATION,
19 BYLAWS, OR OTHER DOCUMENTS TO THE CONTRARY, ALL MEETINGS OF THE
20 ASSOCIATION AND BOARD OF DIRECTORS ARE OPEN TO EVERY UNIT OWNER
21 OF THE ASSOCIATION, OR TO ANY PERSON DESIGNATED BY A UNIT OWNER
22 IN WRITING AS THE UNIT OWNER'S REPRESENTATIVE, AND ALL UNIT
23 OWNERS OR DESIGNATED REPRESENTATIVES SO DESIRING SHALL BE
24 PERMITTED TO ATTEND, LISTEN, AND SPEAK AT AN APPROPRIATE TIME
25 DURING THE DELIBERATIONS AND PROCEEDINGS; EXCEPT THAT, FOR
26 REGULAR AND SPECIAL MEETINGS OF THE BOARD, UNIT OWNERS WHO ARE
27 NOT BOARD MEMBERS MAY NOT PARTICIPATE IN ANY DELIBERATION OR

1 DISCUSSION UNLESS EXPRESSLY SO AUTHORIZED BY A VOTE OF THE
2 MAJORITY OF A QUORUM OF THE BOARD.

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

10 (c) NOTWITHSTANDING SECTION 38-33.3-117 (1) (i.5), THIS
11 SUBSECTION (2.5) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF,
12 IF THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

13 (4.5) UPON THE FINAL RESOLUTION OF ANY MATTER FOR WHICH
14 THE BOARD RECEIVED LEGAL ADVICE OR THAT CONCERNED PENDING OR
15 CONTEMPLATED LITIGATION, THE BOARD MAY ELECT TO PRESERVE THE
16 ATTORNEY-CLIENT PRIVILEGE IN ANY APPROPRIATE MANNER, OR IT MAY
17 ELECT TO DISCLOSE SUCH INFORMATION, AS IT DEEMS APPROPRIATE,
18 ABOUT SUCH MATTER IN AN OPEN MEETING.

19 **SECTION 14.** 38-33.3-310 (1) and (2), Colorado Revised
20 Statutes, are amended to read:

21 **38-33.3-310. Voting - proxies.** (1) (a) If only one of the multiple
22 owners of a unit is present at a meeting of the association, such owner is
23 entitled to cast all the votes allocated to that unit. If more than one of the
24 multiple owners are present, the votes allocated to that unit may be cast
25 only in accordance with the agreement of a majority in interest of the
26 owners, unless the declaration expressly provides otherwise. There is
27 majority agreement if any one of the multiple owners casts the votes

1 allocated to that unit without protest being made promptly to the person
2 presiding over the meeting by any of the other owners of the unit.

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

13 (II) NOTWITHSTANDING SECTION 38-33.3-117 (1) (i.6), THIS
14 PARAGRAPH (b) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF
15 THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

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 (f) NOTWITHSTANDING SECTION 38-33.3-117 (1) (i.6),
20 PARAGRAPHS (c), (d), AND (e) OF THIS SUBSECTION (2) SHALL NOT APPLY
21 TO A UNIT, OR THE OWNER THEREOF, IF THE UNIT IS A TIME-SHARE UNIT, AS
22 DEFINED IN SECTION 38-33-110 (7).

23 **SECTION 15.** Part 3 of article 33.3 of title 38, Colorado Revised
24 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
25 read:

26 **38-33.3-310.5. Executive board - conflicts of interest.** (1) IF
27 ANY CONTRACT, DECISION, OR OTHER ACTION TAKEN BY OR ON BEHALF OF

1 THE EXECUTIVE BOARD WOULD FINANCIALLY BENEFIT ANY MEMBER OF
2 THE EXECUTIVE BOARD OR ANY PERSON WHO IS A PARENT, GRANDPARENT,
3 SPOUSE, CHILD, OR SIBLING OF A MEMBER OF THE EXECUTIVE BOARD OR A
4 PARENT OR SPOUSE OF ANY OF THOSE PERSONS, THAT MEMBER OF THE
5 EXECUTIVE BOARD SHALL DECLARE A CONFLICT OF INTEREST FOR THAT
6 ISSUE. THE MEMBER SHALL DECLARE THE CONFLICT IN AN OPEN MEETING,
7 PRIOR TO ANY DISCUSSION OR ACTION ON THAT ISSUE. AFTER MAKING
8 SUCH DECLARATION, THE MEMBER MAY PARTICIPATE IN THE DISCUSSION
9 BUT SHALL NOT VOTE ON THAT ISSUE.

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

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

17 _____

18 _____

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

21 38-33.3-315. Assessments for common expenses. (7) (a) UNLESS
22 OTHERWISE SPECIFICALLY PROVIDED IN THE DECLARATION OR BYLAWS,
23 THE ASSOCIATION MAY ENTER INTO AN ESCROW AGREEMENT WITH THE
24 HOLDER OF A UNIT OWNER'S MORTGAGE SO THAT ASSESSMENTS MAY BE
25 COMBINED WITH THE UNIT OWNER'S MORTGAGE PAYMENTS AND PAID AT
26 THE SAME TIME AND IN THE SAME MANNER; EXCEPT THAT ANY SUCH
27 ESCROW AGREEMENT SHALL COMPLY WITH ANY APPLICABLE RULES OF THE

1 FEDERAL HOUSING ADMINISTRATION, DEPARTMENT OF HOUSING AND
2 URBAN DEVELOPMENT, VETERANS' ADMINISTRATION, OR OTHER
3 GOVERNMENT AGENCY.

4 (b) NOTWITHSTANDING SECTION 38-33.3-117 (1) (j.6), THIS
5 SUBSECTION (7) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF
6 THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

7 **SECTION 17.** The introductory portion to 38-33.3-316 (2) (a),
8 the introductory portion to 38-33.3-316 (2) (b), and 38-33.3-316 (2) (d)
9 and (8), Colorado Revised Statutes, are amended to read:

10 **38-33.3-316. Lien for assessments.** (2) (a) A lien under this
11 section is prior to all other liens and encumbrances on a unit, TO THE
12 EXTENT THAT THERE ARE UNPAID ASSESSMENTS DUE TO THE ASSOCIATION,
13 except:

14 (b) Subject to paragraph (d) of this subsection (2), AND TO THE
15 EXTENT THAT THERE ARE UNPAID ASSESSMENTS DUE TO THE ASSOCIATION,
16 a lien under this section is also prior to the security interests described in
17 subparagraph (II) of paragraph (a) of this subsection (2) to the extent of:

18 (d) The association shall have the statutory lien described in
19 subsection (1) of this section for any assessment levied or fine imposed
20 after June 30, 1992, TO THE EXTENT THAT THERE ARE UNPAID
21 ASSESSMENTS DUE TO THE ASSOCIATION. Such lien shall have the priority
22 described in this subsection (2) if the other lien or encumbrance is created
23 after June 30, 1992.

24 (8) The association shall furnish to a unit owner, ~~or such~~ THE unit
25 owner's designee, AN ESCROW AGENT, A TITLE INSURANCE COMPANY OR
26 TITLE INSURANCE AGENT, or ~~to~~ a holder of a security interest or its
27 designee upon written request, delivered personally or by certified mail,

1 first-class postage prepaid, return receipt, to the association's registered
2 agent, a written statement setting forth the amount of unpaid assessments
3 currently levied against such owner's unit. The statement shall be
4 furnished within fourteen calendar days after receipt of the request and
5 is binding on the association, the executive board, and every unit owner.
6 If no statement is furnished to the ~~unit owner or holder of a security~~
7 ~~interest or his or her designee~~ INQUIRING PARTY, delivered personally or
8 by certified mail, first-class postage prepaid, return receipt requested, ~~to~~
9 ~~the inquiring party~~, then the association shall have no right to assert a lien
10 upon the unit for unpaid assessments which were due as of the date of the
11 request.

12 _____
13 **SECTION 18.** 38-33.3-317, Colorado Revised Statutes, is
14 amended to read:

15 **38-33.3-317. Association records.** (1) (a) The association shall
16 keep financial records sufficiently detailed to enable the association to
17 comply with section 38-33.3-316 (8) concerning statements of unpaid
18 assessments.

19 (b) THE ASSOCIATION SHALL KEEP AS PERMANENT RECORDS
20 MINUTES OF ALL MEETINGS OF UNIT OWNERS AND THE EXECUTIVE BOARD,
21 A RECORD OF ALL ACTIONS TAKEN BY THE UNIT OWNERS OR EXECUTIVE
22 BOARD BY WRITTEN BALLOT OR WRITTEN CONSENT IN LIEU OF A MEETING,
23 A RECORD OF ALL ACTIONS TAKEN BY A COMMITTEE OF THE EXECUTIVE
24 BOARD IN PLACE OF THE EXECUTIVE BOARD ON BEHALF OF THE
25 ASSOCIATION, AND A RECORD OF ALL WAIVERS OF NOTICES OF MEETINGS
26 OF UNIT OWNERS AND OF THE EXECUTIVE BOARD OR ANY COMMITTEE OF
27 THE EXECUTIVE BOARD.

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

5 (II) NOTWITHSTANDING SECTION 38-33.3-117 (1) (I), THIS
6 PARAGRAPH (c) SHALL NOT APPLY TO A UNIT, OR THE OWNER THEREOF, IF
7 THE UNIT IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7).

8 (d) THE ASSOCIATION SHALL MAINTAIN ITS RECORDS IN WRITTEN
9 FORM OR IN ANOTHER FORM CAPABLE OF CONVERSION INTO WRITTEN
10 FORM WITHIN A REASONABLE TIME.

11 _____

12 (2) All financial and other records shall be made reasonably
13 available for examination AND COPYING by any unit owner and such
14 owner's authorized agents.

15 (3) THE ASSOCIATION MAY CHARGE A _____ FEE, NOT TO EXCEED THE
16 ASSOCIATION'S ACTUAL COST PER PAGE, FOR COPIES OF ASSOCIATION
17 RECORDS.

18 (4) AS USED IN THIS SECTION, "REASONABLY AVAILABLE" MEANS
19 AVAILABLE DURING NORMAL BUSINESS HOURS, UPON NOTICE OF FIVE
20 BUSINESS DAYS, TO THE EXTENT THAT:

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

23 (b) THE REQUEST DESCRIBES WITH REASONABLE PARTICULARITY
24 THE RECORDS SOUGHT AND THE PURPOSE OF THE REQUEST; AND

25 (c) THE RECORDS ARE RELEVANT TO THE PURPOSE OF THE
26 REQUEST.

27 _____

1 (5) IN ADDITION TO THE RECORDS SPECIFIED IN SUBSECTION (1) OF
2 THIS SECTION, THE ASSOCIATION SHALL KEEP A COPY OF EACH OF THE
3 FOLLOWING RECORDS AT ITS PRINCIPAL OFFICE:

4 (a) ITS ARTICLES OF INCORPORATION, IF IT IS A CORPORATION, OR
5 THE CORRESPONDING ORGANIZATIONAL DOCUMENTS IF IT IS ANOTHER
6 FORM OF ENTITY;

7 (b) THE DECLARATION;

8 (c) ITS BYLAWS;

9 (d) RESOLUTIONS ADOPTED BY ITS EXECUTIVE BOARD RELATING TO
10 THE CHARACTERISTICS, QUALIFICATIONS, RIGHTS, LIMITATIONS, AND
11 OBLIGATIONS OF UNIT OWNERS OR ANY CLASS OR CATEGORY OF UNIT
12 OWNERS;

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

16 (f) ALL WRITTEN COMMUNICATIONS WITHIN THE PAST THREE
17 YEARS TO UNIT OWNERS GENERALLY AS UNIT OWNERS;

18 (g) A LIST OF THE NAMES AND BUSINESS OR HOME ADDRESSES OF
19 ITS CURRENT DIRECTORS AND OFFICERS;

20 (h) ITS MOST RECENT ANNUAL REPORT, IF ANY; AND

21 (i) ALL FINANCIAL AUDITS OR REVIEWS CONDUCTED PURSUANT TO
22 SECTION 38-33.3-303(4)(b) DURING THE IMMEDIATELY PRECEDING THREE
23 YEARS.

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

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

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

1 OR

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

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

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

13 **SECTION 19.** Article 35.7 of title 38, Colorado Revised Statutes,
14 is amended BY THE ADDITION OF A NEW SECTION to read:

15 **38-35.7-102. Disclosure - common interest community -**
16 **requirement for architectural approval.** (1) IN EVERY PURCHASE AND
17 SALE OF RESIDENTIAL REAL PROPERTY IN A COMMON INTEREST
18 COMMUNITY:

19 (a) THE SELLER SHALL CAUSE TO BE FURNISHED TO THE BUYER, AT
20 THE SELLER'S EXPENSE, ALL DOCUMENTS REQUIRED BY SECTION
21 38-33.3-223 AT LEAST TEN DAYS BEFORE CLOSING IN THE CASE OF A SALE
22 BY OWNER OR WITHIN THE TIME LIMITS SET FORTH IN SECTION 38-33.3-223
23 IN THE CASE OF A BROKERED TRANSACTION.

24 (b) (I) THE SELLER SHALL PROVIDE THE BUYER WITH A DISCLOSURE
25 STATEMENT IN BOLD-FACED TYPE THAT IS CLEARLY LEGIBLE AND IN
26 SUBSTANTIALLY THE FOLLOWING FORM:
27

1 **"THE BUYER UNDERSTANDS THAT ANY**
2 **CHANGES OR ADDITIONS TO THE PROPERTY**
3 **MAY BE SUBJECT TO ARCHITECTURAL**
4 **REVIEW AND APPROVAL BY THE COMMON**
5 **INTEREST COMMUNITY. THE BUYER**
6 **UNDERSTANDS THAT FAILURE TO SECURE**
7 **SUCH REVIEW AND APPROVAL MAY BE**
8 **DEEMED A VIOLATION OF THE GOVERNING**
9 **DECLARATIONS AND RESULT IN REMEDIAL**
10 **ACTION BEING TAKEN AGAINST THE BUYER BY**
11 **THE COMMON INTEREST COMMUNITY."**

12 **(II) IT SHALL BE THE RESPONSIBILITY OF THE SELLER TO OBTAIN**
13 **FROM THE PURCHASER A SIGNED ACKNOWLEDGMENT OF RECEIPT OF THE**
14 **INFORMATION AND DISCLOSURE STATEMENT DESCRIBED IN THIS SECTION,**
15 **WHETHER SUCH ACKNOWLEDGMENT IS INCORPORATED IN THE CONTRACT**
16 **OF PURCHASE AND SALE OR OTHERWISE, AT THE TIME OF CLOSING AND TO**
17 **DELIVER SUCH SIGNED ACKNOWLEDGMENT TO THE ASSOCIATION AS SOON**
18 **AS IS PRACTICABLE THEREAFTER. IN THE EVENT OF THE FAILURE BY THE**
19 **SELLER TO PROVIDE SUCH INFORMATION AND DISCLOSURE STATEMENT,**
20 **THE PURCHASER SHALL HAVE A CLAIM FOR RELIEF AGAINST THE SELLER**
21 **FOR ALL DAMAGES TO THE PURCHASER RESULTING FROM SUCH FAILURE**
22 **PLUS COURT COSTS.**

23 **(2) THIS SECTION SHALL NOT APPLY TO THE SALE OF A UNIT THAT**
24 **IS A TIME-SHARE UNIT, AS DEFINED IN SECTION 38-33-110 (7), C.R.S.**

25 **=====**
26 **SECTION 20. 10-4-110.8 (3) and (4), Colorado Revised Statutes,**
27 **are amended, and the said 10-4-110.8 is further amended BY THE**

1 ADDITION OF A NEW SUBSECTION, to read:

2 **10-4-110.8. Homeowner's insurance - prohibited practices -**
3 **definitions.** (3) For the purposes of this section, unless the context
4 otherwise requires:

5 (a) "Claim" includes a demand for payment of a benefit by the
6 insured, the payment of a covered benefit by an insurer, a loss reserve
7 established by the insurer, a loss adjustment expense incurred by the
8 insurer, or a payment made to the insured.

9 (b) "INQUIRY" MEANS A REQUEST FOR INFORMATION REGARDING
10 THE TERMS, CONDITIONS, OR COVERAGES AFFORDED UNDER AN INSURANCE
11 CONTRACT.

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

18 (5) IN A COMMON INTEREST COMMUNITY, AS DEFINED IN SECTION
19 38-33.3-103 (8), C.R.S., A UNIT OWNER MAY FILE A CLAIM AGAINST THE
20 POLICY OF THE UNIT OWNER'S ASSOCIATION TO THE SAME EXTENT, AND
21 WITH THE SAME EFFECT, AS IF THE UNIT OWNER WERE AN ADDITIONAL
22 NAMED INSURED.

23 **SECTION 21. Effective date - applicability.** (1) Sections 1, 2,
24 and 8 of this act shall take effect upon passage, and the remainder of this
25 act shall take effect January 1, 2006.

26 (2) This act shall apply to acts, occurrences, events, and
27 circumstances arising on or after the applicable effective date of this act.

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