



REVISSED FISCAL IMPACT

(replaces fiscal impact dated January 24, 2005)

Drafting Number: LLS 05-0134
Prime Sponsor(s): Sen. Hagedorn
 Rep. Carroll M.

Date: March 2, 2005
Bill Status: House Local Government
Fiscal Analyst: Steve Tammeus (303-866-2756)

TITLE: CONCERNING INCREASED PROTECTION FOR HOMEOWNERS.

Fiscal Impact Summary	FY 2005/2006	FY 2006/2007
State Revenues General Fund		
State Expenditures General Fund	Potential Increase	Potential Increase
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2005/2006: None		
Local Government Impact: None		

Summary of Legislation

This re-engrossed bill states that any restrictive covenant that prohibits or limits xeriscape, prohibits the use of drought-tolerant vegetative landscapes, or requires cultivated vegetation to consist exclusively or primarily of turf grass shall be void and unenforceable. The bill specifies requirements for the executive board of a homeowners' association to review a request for a landscaping change and to enforce landscaping policies.

The bill revises the Colorado Common Interest Ownership Act by specifying certain prohibitions and requirements for a homeowners' association. Major provisions of the bill include:

- limitations and conditions for the display of the American flag and political signs;
- conditions for the regulation of vehicle parking;
- declaration of encouragement for common interest communities to adopt protocols that make use of mediation or arbitration, including binding arbitration, as alternatives to the filing of a complaint between a unit owner and the association;
- requirements to disclose the association's management company and notice of the initial date of recording of the declaration;
- requirements for disclosure of unpaid assessments;
- requirements for an association to withdraw from a merger or merger agreement;

- requirements for disclosure of current financial and legal records to a unit buyer;
- requirements for an association's records to be subject to audit;
- requirements for open meetings and homeowner participation;
- requirements for votes of homeowners, assessments for common expenses, and maintenance of association records;
- requirements for declaration of conflict of interest on behalf of members of the board of directors;
- the requirement that every contract for the purchase and sale of residential property in a common interest community comply with the requirements for disclosure and contain a prescribed disclosure statement;
- the authority for the purchaser to have a claim for damages and court costs against the seller for not providing disclosure information; and
- requirements for every insurer issuing a homeowners' insurance policy to comply with state law governing unfair claim settlement practices.

State Expenditures

Judicial Department. This bill creates a new civil cause of action for the purchasers or sellers of a unit who are damaged due to the unit owner or the homeowners' association not disclosing required information, including damages and court costs. This bill will create additional cases filed in district or county courts subject to the amount of damages claimed. The department will be able to absorb the costs of up to 50 new district court cases within existing budgetary resources. The costs for any cases above that level will require additional General Fund appropriations.

State Appropriations

No new state appropriations will be required for FY 2005-06.

Departments Contacted

Judicial

Local Affairs

Regulatory Agencies

Natural Resources