

**STATE  
FISCAL IMPACT**

**Note: This fiscal note is provided pursuant to Joint Rule 22(b)(2), and reflects strike-below Amendment L.001**

**Drafting Number:** LLS 13-0477  
**Prime Sponsor(s):** Rep. Ryden  
 Sen. Carroll

**Date:** March 19, 2013  
**Bill Status:** House Business, Labor, Economic and  
 Workforce Development  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING UNIT OWNERS' ASSOCIATIONS UNDER THE "COLORADO COMMON INTEREST OWNERSHIP ACT".

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b> Cash Funds HOA Information and Resource Center Cash Fund	See State Revenue section.	
<b>State Expenditures</b> Cash Funds HOA Information and Resource Center Cash Fund	See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

Under current law, the Division of Real Estate (division) in the Department of Regulatory Agencies (DORA) maintains the Homeowners Association Information Office and Resource Center (HOA center), to provide information on the rights and duties of unit owners and HOAs under the Colorado Common Interest Ownership Act. HOAs must register with the HOA center annually. With adoption of L.001, this bill requires that the HOA center:

- compile a database including the name, address, and telephone number of the registered associations;
- coordinate and assist in preparing educational and reference materials to assist unit owners, association board members, and association managers in understanding their rights and responsibilities;
- monitor changes in federal and state law relating to common interest communities; and
- publish information and a "frequently asked questions" resource on the division website.

The bill requires the director of the division to conduct a study of the functions, duties, structure, costs, funding, and success of other states' HOA offices. The director is required to present the findings and conclusions of the study to the Joint Budget Committee during the 2014 legislative session. The study must include an assessment of the following functions:

- filing, investigation, verification, mediation, and resolution of complaints;
- referring disputes to alternative dispute resolution services;
- providing an administrative hearing process for HOA-related disputes;
- monitoring, reviewing, and conducting HOA elections;
- determining a per-unit fee for HOA registrations; and
- any other relevant HOA function or duty that the director deems necessary.

Finally, the bill removes the current registration exemption for HOAs created prior to July 1, 1992.

### **State Revenue**

The bill removes the current exemption that HOAs created prior to July 1, 1992, are not required to register with the HOA center. This increases the total number of HOAs required to register with the HOA center and pay a fee. HOA registrations are estimated to increase from approximately 8,347 to 12,000, or 3,653 additional registered HOAs in FY 2013-14. This bill does not increase expenditures for the division or the HOA center. Therefore, the number of fee-paying HOAs will increase, and the fee amount the division charges will decrease. It is anticipated that the flat fee currently charged HOAs can be reduced from \$16 to \$11 per association, although actual fee setting is conducted administratively by the DORA based on anticipated costs of the program, the fund balance, and the actual number of registrants.

### **State Expenditures**

Many of the bill's provisions are current practice for the HOA center and conducted during the normal course of business. The requirements that the HOA center assemble educational information, update existing web resources, register up to 3,000 additional HOAs, and research and evaluate other state's HOA offices will require additional effort within the DORA; however, this effort can be completed with existing resources and no additional appropriation is required.

### **Departments Contacted**

Law                      Regulatory Agencies                      Secretary of State