

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

REREVISED

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

LLS NO. 22-0396.01 Jennifer Berman x3286

HOUSE BILL 22-1137

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SENATE
3rd Reading Unamended
May 2, 2022

A BILL FOR AN ACT

101 **CONCERNING PRACTICES OF UNIT OWNERS' ASSOCIATIONS, AND, IN**
102 **CONNECTION THEREWITH, AUTHORIZING THE ENFORCEMENT OF**
103 **CERTAIN MATTERS REGARDING UNIT OWNERS' ASSOCIATIONS IN**
104 **SMALL CLAIMS COURT AND LIMITING THE CONDUCT OF UNIT**
105 **OWNERS' ASSOCIATIONS IN COLLECTING UNPAID ASSESSMENTS,**
106 **FEES, AND FINES.**

SENATE
2nd Reading Unamended
April 29, 2022

HOUSE
3rd Reading Unamended
April 22, 2022

HOUSE
Amended 2nd Reading
April 20, 2022

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill authorizes a party in a matter concerning

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

rights and responsibilities arising under the declaration, bylaws, covenants, or other governing documents of a unit owners' association (HOA) to enforce those rights or responsibilities in small claims court if the amount at issue does not exceed \$7,500, exclusive of interest and costs. The party may also seek declaratory relief in small claims court. **Section 2** specifies that the authority to enforce rights and responsibilities in small claims court applies to an HOA's collection of fines from a unit owner if the amount of fines, exclusive of interest and costs, does not exceed \$7,500.

Section 2 also requires an HOA that voluntarily conducts a reserve study to also conduct a reconciliation of all of its reserve accounts at the time of conducting the reserve study.

With regard to a unit owner's delinquency in paying HOA assessments, **section 2** also:

- Requires an HOA to alert the unit owner regarding the delinquency by, in addition to sending a notice of delinquency to the unit owner as required by current law, attempting to contact the unit owner by at least 2 other methods of communication, including first-class or certified mail, an e-mail, a telephone call or voice mail message, or an in-person contact. The HOA must keep records of its attempts to contact the unit owner regarding the delinquency.
- Prohibits an HOA, or a property management company acting on behalf of an HOA, from referring the delinquent account to a collection agency or attorney unless a majority of the HOA's board of directors vote to refer the matter on the record at a public hearing;
- Prohibits an HOA from imposing late fees, fines, and interest on a per-diem basis in an amount that exceeds the lesser of \$50 per day or \$500 total;
- Prohibits an HOA from assessing late fees and fines in an amount or manner that renders the HOA dependent on the late fees or fines for the purpose of generating revenue for the HOA's general expenses;
- Prohibits an HOA from charging a rate of interest on unpaid assessments, fees, or fines in an amount greater than 8% per year;
- Prohibits an HOA from assessing a fee or other charge for providing the unit owner a statement of the total amount that the unit owner owes the HOA;
- Requires an HOA to adopt a policy to provide the unit owner with contact information for one or more foreclosure counseling services available in the county in which the unit owner's common interest community is located; and

- Before an HOA may initiate a foreclosure action against a unit owner, requires that the HOA offer the unit owner a repayment plan to pay the debt in monthly installments, and the unit owner either declines the offer or, after accepting the offer, fails to make at least 3 monthly payments.

Section 3 limits the interest rate that an HOA may apply to a unit owner's past due assessment to an amount not to exceed 8% per year.

Section 4 limits the amount that an HOA is entitled to recover in any action or suit that the HOA brings against a unit owner to an amount equal to 3 times the amount of unpaid regular and special assessments plus interest. Similarly, **section 5** limits the maximum amount of assessments and associated fees, late charges, attorney fees, fines, and interest that an HOA may recover from the unit owner to 3 times the amount of all unpaid regular and special assessments plus interest.

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

2 **SECTION 1.** In Colorado Revised Statutes, 38-33.3-209.5,

3 **amend** (2)(a), (5)(a) introductory portion, and (5)(a)(V) introductory

4 portion; and **add** (1.7), (2)(c), (6), (7), (8), (9), and (10) as follows:

5 **38-33.3-209.5. Responsible governance policies - due process**

6 **for imposition of fines - procedure for collection of delinquent**
7 **accounts - enforcement through small claims court - definitions.**

8 (1.7) (a) **WITH REGARD TO A UNIT OWNER'S DELINQUENCY IN PAYING**
9 **ASSESSMENTS, FINES, OR FEES, AN ASSOCIATION SHALL:**

10 (I) **FIRST CONTACT THE UNIT OWNER TO ALERT THE UNIT OWNER**
11 **OF THE DELINQUENCY BEFORE TAKING ACTION IN RELATION TO THE**
12 **DELINQUENCY PURSUANT TO SUBSECTION (1.7)(a)(II) OF THIS SECTION**
13 **AND SHALL MAINTAIN A RECORD OF ANY CONTACTS, INCLUDING**
14 **INFORMATION REGARDING THE TYPE OF COMMUNICATION USED TO**
15 **CONTACT THE UNIT OWNER AND THE DATE AND TIME THAT THE CONTACT**
16 **WAS MADE. ANY CONTACTS THAT A COMMUNITY ASSOCIATION MANAGER**
17 **OR A PROPERTY MANAGEMENT COMPANY MAKES ON BEHALF OF AN**

1 ASSOCIATION PURSUANT TO THIS SUBSECTION (1.7)(a) IS DEEMED A
2 CONTACT MADE BY THE ASSOCIATION AND NOT BY A DEBT COLLECTOR AS
3 DEFINED IN SECTION 5-16-103 (9). A UNIT OWNER MAY IDENTIFY ANOTHER
4 PERSON TO SERVE AS A DESIGNATED CONTACT FOR THE UNIT OWNER TO BE
5 CONTACTED ON THE UNIT OWNER'S BEHALF FOR PURPOSES OF THIS
6 SUBSECTION (1.7)(a)(I). A UNIT OWNER MAY ALSO NOTIFY THE
7 ASSOCIATION IF THE UNIT OWNER PREFERS THAT CORRESPONDENCE AND
8 NOTICES FROM THE ASSOCIATION BE MADE IN A LANGUAGE OTHER THAN
9 ENGLISH. IF A PREFERENCE IS NOT INDICATED, THE ASSOCIATION SHALL
10 SEND THE CORRESPONDENCE AND NOTICES IN ENGLISH. THE UNIT OWNER
11 AND THE UNIT OWNER'S DESIGNATED CONTACT MUST RECEIVE THE SAME
12 CORRESPONDENCE AND NOTICES ANYTIME COMMUNICATIONS ARE SENT
13 OUT; EXCEPT THAT THE UNIT OWNER MUST RECEIVE THE
14 CORRESPONDENCE AND NOTICES IN THE LANGUAGE FOR WHICH THE UNIT
15 OWNER HAS INDICATED A PREFERENCE, IF ANY. AN ASSOCIATION MAY
16 DETERMINE THE MANNER IN WHICH A UNIT OWNER MAY IDENTIFY A
17 DESIGNATED CONTACT. IN CONTACTING THE UNIT OWNER OR A
18 DESIGNATED CONTACT, AN ASSOCIATION SHALL SEND THE SAME TYPE OF
19 NOTICE OF DELINQUENCY REQUIRED TO BE SENT PURSUANT TO SUBSECTION
20 (5)(a)(V) OF THIS SECTION, INCLUDING SENDING IT BY CERTIFIED MAIL,
21 RETURN RECEIPT REQUESTED, AND PHYSICALLY POST A COPY OF THE
22 NOTICE OF DELINQUENCY AT THE UNIT OWNER'S UNIT. IN ADDITION, THE
23 ASSOCIATION SHALL CONTACT THE UNIT OWNER BY ONE OF THE
24 FOLLOWING MEANS:
25 (A) FIRST-CLASS MAIL;
26 (B) TEXT MESSAGE TO A CELLULAR NUMBER THAT THE
27 ASSOCIATION HAS ON FILE BECAUSE THE UNIT OWNER HAS PROVIDED THE

1 CELLULAR NUMBER TO THE ASSOCIATION; OR
2 (C) E-MAIL TO AN E-MAIL ADDRESS THAT THE ASSOCIATION HAS
3 ON FILE BECAUSE THE UNIT OWNER HAS PROVIDED THE E-MAIL ADDRESS
4 TO THE ASSOCIATION.

5 (II) REFER A DELINQUENT ACCOUNT TO A COLLECTION AGENCY OR
6 ATTORNEY ONLY IF A MAJORITY OF THE EXECUTIVE BOARD VOTES TO
7 REFER THE MATTER IN A RECORDED VOTE AT A MEETING CONDUCTED
8 PURSUANT TO SECTION 38-33.3-308 (4)(e). A COMMUNITY ASSOCIATION
9 MANAGEMENT OR PROPERTY MANAGEMENT COMPANY ACTING ON BEHALF
10 OF THE ASSOCIATION SHALL NOT REFER A DELINQUENT ACCOUNT TO A
11 COLLECTION AGENCY OR AN ATTORNEY UNLESS A MAJORITY OF THE
12 EXECUTIVE BOARD VOTES TO REFER THE MATTER IN A RECORDED VOTE AT
13 A MEETING CONDUCTED PURSUANT TO SECTION 38-33.3-308 (4)(e).

14 (b) (I) AN ASSOCIATION SHALL NOT IMPOSE THE FOLLOWING ON A
15 DAILY BASIS AGAINST A UNIT OWNER:

16 (A) LATE FEES; OR
17 (B) FINES ASSESSED FOR VIOLATIONS OF THE DECLARATION,
18 BYLAWS, COVENANTS, OR OTHER GOVERNING DOCUMENTS OF THE
19 ASSOCIATION. AN ASSOCIATION MAY ONLY IMPOSE FINES FOR VIOLATIONS
20 IN ACCORDANCE WITH THIS SUBSECTION (1.7)(b).

21 (II) (A) WITH RESPECT TO ANY VIOLATION OF THE DECLARATION,
22 BYLAWS, COVENANTS, OR OTHER GOVERNING DOCUMENTS OF AN
23 ASSOCIATION THAT THE ASSOCIATION REASONABLY DETERMINES
24 THREATENS THE PUBLIC SAFETY OR HEALTH, THE ASSOCIATION SHALL
25 PROVIDE THE UNIT OWNER WRITTEN NOTICE, IN ENGLISH AND IN ANY
26 LANGUAGE THAT THE UNIT OWNER HAS INDICATED A PREFERENCE FOR
27 CORRESPONDENCE AND NOTICES PURSUANT TO SUBSECTION (1.7)(a)(I) OF

1 THIS SECTION, OF THE VIOLATION INFORMING THE UNIT OWNER THAT THE
2 UNIT OWNER HAS SEVENTY-TWO HOURS TO CURE THE VIOLATION OR THE
3 ASSOCIATION MAY FINE THE UNIT OWNER.

4 (B) IF, AFTER AN INSPECTION OF THE UNIT, THE ASSOCIATION
5 DETERMINES THAT THE UNIT OWNER HAS NOT CURED THE VIOLATION
6 WITHIN SEVENTY-TWO HOURS AFTER RECEIVING THE NOTICE, THE
7 ASSOCIATION MAY IMPOSE FINES ON THE UNIT OWNER EVERY OTHER DAY
8 AND MAY TAKE LEGAL ACTION AGAINST THE UNIT OWNER FOR THE
9 VIOLATION; EXCEPT THAT, IN ACCORDANCE WITH SUBSECTION (8)(c)(I) OF
10 THIS SECTION, THE ASSOCIATION SHALL NOT PURSUE FORECLOSURE
11 AGAINST THE UNIT OWNER BASED ON FINES OWED.

12 (III) (A) IF AN ASSOCIATION REASONABLY DETERMINES THAT A
13 UNIT OWNER COMMITTED A VIOLATION OF THE DECLARATION, BYLAWS,
14 COVENANTS, OR OTHER GOVERNING DOCUMENTS OF THE ASSOCIATION,
15 OTHER THAN A VIOLATION THAT THREATENS THE PUBLIC SAFETY OR
16 HEALTH, THE ASSOCIATION SHALL, THROUGH CERTIFIED MAIL, RETURN
17 RECEIPT REQUESTED, PROVIDE THE UNIT OWNER WRITTEN NOTICE, IN
18 ENGLISH AND IN ANY LANGUAGE THAT THE UNIT OWNER HAS INDICATED
19 A PREFERENCE FOR CORRESPONDENCE AND NOTICES PURSUANT TO
20 SUBSECTION (1.7)(a)(I) OF THIS SECTION, OF THE VIOLATION INFORMING
21 THE UNIT OWNER THAT THE UNIT OWNER HAS THIRTY DAYS TO CURE THE
22 VIOLATION OR THE ASSOCIATION, AFTER CONDUCTING AN INSPECTION AND
23 DETERMINING THAT THE UNIT OWNER HAS NOT CURED THE VIOLATION,
24 MAY FINE THE UNIT OWNER; HOWEVER, THE TOTAL AMOUNT OF FINES
25 IMPOSED FOR THE VIOLATION MAY NOT EXCEED FIVE HUNDRED DOLLARS.

26 (B) AN ASSOCIATION SHALL GRANT A UNIT OWNER TWO
27 CONSECUTIVE THIRTY-DAY PERIODS TO CURE A VIOLATION BEFORE THE

1 ASSOCIATION MAY TAKE LEGAL ACTION AGAINST THE UNIT OWNER FOR
2 THE VIOLATION. IN ACCORDANCE WITH SUBSECTION (8)(c)(I) OF THIS
3 SECTION, AN ASSOCIATION SHALL NOT PURSUE FORECLOSURE AGAINST THE
4 UNIT OWNER BASED ON FINES OWED.

5 (IV) IF THE UNIT OWNER CURES THE VIOLATION WITHIN THE
6 PERIOD TO CURE AFFORDED THE UNIT OWNER, THE UNIT OWNER MAY
7 NOTIFY THE ASSOCIATION OF THE CURE AND, IF THE UNIT OWNER SENDS
8 WITH THE NOTICE VISUAL EVIDENCE THAT THE VIOLATION HAS BEEN
9 CURED, THE VIOLATION IS DEEMED CURED ON THE DATE THAT THE UNIT
10 OWNER SENDS THE NOTICE. IF THE UNIT OWNER'S NOTICE DOES NOT
11 INCLUDE VISUAL EVIDENCE THAT THE VIOLATION HAS BEEN CURED, THE
12 ASSOCIATION SHALL INSPECT THE UNIT AS SOON AS PRACTICABLE TO
13 DETERMINE IF THE VIOLATION HAS BEEN CURED.

14 (V) IF THE ASSOCIATION DOES NOT RECEIVE NOTICE FROM THE
15 UNIT OWNER THAT THE VIOLATION HAS BEEN CURED, THE ASSOCIATION
16 SHALL INSPECT THE UNIT WITHIN SEVEN DAYS AFTER THE EXPIRATION OF
17 THE THIRTY-DAY CURE PERIOD TO DETERMINE IF THE VIOLATION HAS BEEN
18 CURED. IF, AFTER THE INSPECTION AND WHETHER OR NOT THE
19 ASSOCIATION RECEIVED NOTICE FROM THE UNIT OWNER THAT THE
20 VIOLATION WAS CURED, THE ASSOCIATION DETERMINES THAT THE
21 VIOLATION HAS NOT BEEN CURED:

22 (A) A SECOND THIRTY-DAY PERIOD TO CURE COMMENCES IF ONLY
23 ONE THIRTY-DAY PERIOD TO CURE HAS ELAPSED; OR

24 (B) THE ASSOCIATION MAY TAKE LEGAL ACTION PURSUANT TO
25 THIS SECTION IF TWO THIRTY-DAY PERIODS TO CURE HAVE ELAPSED.

26 (VI) ONCE THE UNIT OWNER CURES A VIOLATION, THE
27 ASSOCIATION SHALL NOTIFY THE UNIT OWNER, IN ENGLISH AND IN ANY

1 LANGUAGE THAT THE UNIT OWNER HAS INDICATED A PREFERENCE FOR
2 CORRESPONDENCE AND NOTICES PURSUANT TO SUBSECTION (1.7)(a)(I) OF
3 THIS SECTION:

4 (A) THAT THE UNIT OWNER WILL NOT BE FURTHER FINED WITH
5 REGARD TO THE VIOLATION; AND
6 (B) OF ANY OUTSTANDING FINE BALANCE THAT THE UNIT OWNER
7 STILL OWES THE ASSOCIATION.

8 (c) ON A MONTHLY BASIS AND BY FIRST-CLASS MAIL AND, IF THE
9 ASSOCIATION HAS THE RELEVANT E-MAIL ADDRESS, BY E-MAIL, AN
10 ASSOCIATION SHALL SEND TO EACH UNIT OWNER WHO HAS ANY
11 OUTSTANDING BALANCE OWED THE ASSOCIATION AN ITEMIZED LIST OF ALL
12 ASSESSMENTS, FINES, FEES, AND CHARGES THAT THE UNIT OWNER OWES TO
13 THE ASSOCIATION. THE ASSOCIATION SHALL SEND THE ITEMIZED LIST TO
14 THE UNIT OWNER IN ENGLISH OR IN ANY LANGUAGE FOR WHICH THE UNIT
15 OWNER HAS INDICATED A PREFERENCE FOR CORRESPONDENCE AND
16 NOTICES PURSUANT TO SUBSECTION (1.7)(a)(I) OF THIS SECTION AND TO
17 ANY DESIGNATED CONTACT FOR THE UNIT OWNER.

18 (2) Notwithstanding any provision of the declaration, bylaws,
19 articles, or rules and regulations to the contrary, the association may not
20 fine any unit owner for an alleged violation unless:

21 (a) The association has adopted, and follows, a written policy
22 governing the imposition of fines; and

23 (c) THE POLICY:

24 (I) REQUIRES NOTICE REGARDING THE NATURE OF THE ALLEGED
25 VIOLATION, THE ACTION OR ACTIONS REQUIRED TO CURE THE ALLEGED
26 VIOLATION, AND THE TIMELINE FOR THE FAIR AND IMPARTIAL
27 FACT-FINDING PROCESS REQUIRED UNDER SUBSECTION (2)(b) OF THIS

1 SECTION. THE ASSOCIATION MAY SEND THE UNIT OWNER THE NOTICE
2 REQUIRED UNDER THIS SUBSECTION (2)(c)(I) IN ACCORDANCE WITH
3 SUBSECTION (1.7)(a) OF THIS SECTION.

4 (II) SPECIFIES THE INTERVAL UPON WHICH FINES MAY BE LEVIED
5 IN ACCORDANCE WITH SUBSECTION (1.7)(b) OF THIS SECTION FOR
6 VIOLATIONS THAT ARE CONTINUING IN NATURE.

7 (5) (a) Notwithstanding any provision of the declaration, bylaws,
8 articles, or rules and regulations to the contrary or the absence of a
9 relevant provision in the declaration, bylaws, articles, or rules or
10 regulations, the association or a holder or assignee of the association's
11 debt, whether the holder or assignee of the association's debt is an entity
12 or a natural person, may not use a collection agency or take legal action
13 to collect unpaid assessments unless the association or a holder or
14 assignee of the association's debt has adopted, and follows, a written
15 policy governing the collection of unpaid assessments AND UNLESS THE
16 ASSOCIATION COMPLIES WITH SUBSECTION (7) OF THIS SECTION. The policy
17 must, at a minimum, specify:

18 (V) That, before the entity turns over a delinquent account of a
19 unit owner to a collection agency or refers it to an attorney for legal
20 action, the entity must send the unit owner a notice of delinquency, BY
21 CERTIFIED MAIL, RETURN RECEIPT REQUESTED, specifying:

22 (6) A NOTICE OF DELINQUENCY THAT AN ASSOCIATION SENDS TO
23 A UNIT OWNER FOR UNPAID ASSESSMENTS, FINES, FEES, OR CHARGES MUST:

24 (a) BE WRITTEN IN ENGLISH AND IN ANY LANGUAGE THAT THE
25 UNIT OWNER HAS INDICATED A PREFERENCE FOR CORRESPONDENCE AND
26 NOTICES PURSUANT TO SUBSECTION (1.7)(a)(I) OF THIS SECTION;

27 (b) SPECIFY WHETHER THE DELINQUENCY CONCERN CONCERN UNPAID

1 ASSESSMENTS; UNPAID FINES, FEES, OR CHARGES; OR BOTH UNPAID
2 ASSESSMENTS AND UNPAID FINES, FEES, OR CHARGES, AND, IF THE NOTICE
3 OF DELINQUENCY CONCERNS UNPAID ASSESSMENTS, THE NOTICE OF
4 DELINQUENCY MUST NOTIFY THE UNIT OWNER THAT UNPAID ASSESSMENTS
5 MAY LEAD TO FORECLOSURE; AND

6 (c) INCLUDE:

7 (I) A DESCRIPTION OF THE STEPS THE ASSOCIATION MUST TAKE
8 BEFORE THE ASSOCIATION MAY TAKE LEGAL ACTION AGAINST THE UNIT
9 OWNER, INCLUDING A DESCRIPTION OF THE ASSOCIATION'S CURE PROCESS
10 ESTABLISHED IN ACCORDANCE WITH SUBSECTION (1.7)(b) OF THIS
11 SECTION; AND

12 (II) A DESCRIPTION OF WHAT LEGAL ACTION THE ASSOCIATION
13 MAY TAKE AGAINST THE UNIT OWNER, INCLUDING A DESCRIPTION OF THE
14 TYPES OF MATTERS THAT THE ASSOCIATION OR UNIT OWNER MAY TAKE TO
15 SMALL CLAIMS COURT, INCLUDING INJUNCTIVE MATTERS FOR WHICH THE
16 ASSOCIATION SEEKS AN ORDER REQUIRING THE UNIT OWNER TO COMPLY
17 WITH THE DECLARATION, BYLAWS, COVENANTS, OR OTHER GOVERNING
18 DOCUMENTS OF THE ASSOCIATION.

19 (7) (a) AN ASSOCIATION SHALL NOT COMMENCE A LEGAL ACTION
20 TO INITIATE A FORECLOSURE PROCEEDING BASED ON A UNIT OWNER'S
21 DELINQUENCY IN PAYING ASSESSMENTS UNLESS:

22 (I) THE ASSOCIATION HAS COMPLIED WITH EACH OF THE
23 REQUIREMENTS IN THIS SECTION AND IN SECTION 38-33.3-316.3 RELATED
24 TO A UNIT OWNER'S DELINQUENCY IN PAYING ASSESSMENTS;

25 (II) THE ASSOCIATION HAS PROVIDED THE UNIT OWNER WITH A
26 WRITTEN OFFER TO ENTER INTO A REPAYMENT PLAN PURSUANT TO
27 SECTION 38-33.3-316.3 (2) THAT AUTHORIZES THE UNIT OWNER TO REPAY

1 THE DEBT IN MONTHLY INSTALLMENTS OVER EIGHTEEN MONTHS. UNDER
2 THE REPAYMENT PLAN, THE UNIT OWNER MAY CHOOSE THE AMOUNT TO BE
3 PAID EACH MONTH, SO LONG AS EACH PAYMENT MUST BE IN AN AMOUNT
4 OF AT LEAST TWENTY-FIVE DOLLARS UNTIL THE BALANCE OF THE AMOUNT
5 OWED IS LESS THAN TWENTY-FIVE DOLLARS; AND

6 (III) WITHIN THIRTY DAYS AFTER THE ASSOCIATION HAS PROVIDED
7 THE OWNER WITH A WRITTEN OFFER TO ENTER INTO A REPAYMENT PLAN,
8 THE UNIT OWNER HAS EITHER:

9 (A) DECLINED THE REPAYMENT PLAN; OR
10 (B) AFTER ACCEPTING THE REPAYMENT PLAN, FAILED TO PAY AT
11 LEAST THREE OF THE MONTHLY INSTALLMENTS WITHIN FIFTEEN DAYS
12 AFTER THE MONTHLY INSTALLMENTS WERE DUE.

13 (b) A UNIT OWNER WHO HAS ENTERED INTO A REPAYMENT PLAN
14 PURSUANT TO SUBSECTION (7)(a) OF THIS SECTION MAY ELECT TO PAY THE
15 REMAINING BALANCE OWED UNDER THE REPAYMENT PLAN AT ANY TIME
16 DURING THE DURATION OF THE REPAYMENT PLAN.

17 (8) AN ASSOCIATION SHALL NOT:

18 (a) CHARGE A RATE OF INTEREST ON UNPAID ASSESSMENTS, FINES,
19 OR FEES IN AN AMOUNT GREATER THAN EIGHT PERCENT PER YEAR;
20 (b) ASSESS A FEE OR OTHER CHARGE TO RECOVER COSTS INCURRED
21 FOR PROVIDING THE UNIT OWNER A STATEMENT OF THE TOTAL AMOUNT
22 THAT THE UNIT OWNER OWES;

23 (c) FORECLOSE ON AN ASSESSMENT LIEN IF THE DEBT SECURING
24 THE LIEN CONSISTS ONLY OF ONE OR BOTH OF THE FOLLOWING:

25 (I) FINES THAT THE ASSOCIATION HAS ASSESSED AGAINST THE UNIT
26 OWNER; OR

27 (II) COLLECTION COSTS OR ATTORNEY FEES THAT THE

1 ASSOCIATION HAS INCURRED AND THAT ARE ONLY ASSOCIATED WITH
2 ASSESSED FINES.

3 (9) A PARTY SEEKING TO ENFORCE RIGHTS AND RESPONSIBILITIES
4 ARISING UNDER THE DECLARATION, BYLAWS, COVENANTS, OR OTHER
5 GOVERNING DOCUMENTS OF AN ASSOCIATION IN RELATION TO DISPUTES
6 ARISING FROM ASSESSMENTS, FINES, OR FEES OWED TO THE ASSOCIATION
7 AND FOR WHICH THE AMOUNT AT ISSUE DOES NOT EXCEED SEVEN
8 THOUSAND FIVE HUNDRED DOLLARS, EXCLUSIVE OF INTEREST AND COSTS,
9 MAY FILE A CLAIM IN SMALL CLAIMS COURT PURSUANT TO SECTION
10 13-6-403 (1)(b)(I).

11 (10) AS USED IN THIS SECTION, "NOTICE OF DELINQUENCY" MEANS
12 A WRITTEN NOTICE THAT AN ASSOCIATION SENDS TO A UNIT OWNER TO
13 NOTIFY THE UNIT OWNER OF ANY UNPAID ASSESSMENTS, FINES, FEES, OR
14 CHARGES THAT THE UNIT OWNER OWES THE ASSOCIATION.

15 **SECTION 2.** In Colorado Revised Statutes, 38-33.3-308, amend
16 (4)(e) as follows:

17 **38-33.3-308. Meetings.** (4) Matters for discussion by an
18 executive or closed session are limited to:

19 (e) Any matter, the disclosure of which would constitute an
20 unwarranted invasion of individual privacy, INCLUDING A DISCIPLINARY
21 HEARING REGARDING A UNIT OWNER AND ANY REFERRAL OF
22 DELINQUENCY; EXCEPT THAT A UNIT OWNER WHO IS THE SUBJECT OF A
23 DISCIPLINARY HEARING OR A REFERRAL OF DELINQUENCY MAY REQUEST
24 AND RECEIVE THE RESULTS OF ANY VOTE TAKEN AT THE RELEVANT
25 MEETING;

26 **SECTION 3.** In Colorado Revised Statutes, 38-33.3-315, amend
27 (2) as follows:

10 **SECTION 4.** In Colorado Revised Statutes, 38-33.3-316, amend
11 (1), (2)(d), and (7); and **add** (12) as follows:

25 (b) If an assessment is payable in installments, each installment
26 is a lien from the time it becomes due, including the due date set by any
27 valid association's acceleration of installment obligations MAY BE SUBJECT

1 TO A STATUTORY LIEN IF THE UNIT OWNER FAILS TO PAY THE INSTALLMENT
2 WITHIN FIFTEEN DAYS AFTER THE INSTALLMENT BECOMES DUE, BUT THE
3 ASSOCIATION MAY NOT PURSUE LEGAL ACTION FOR UNPAID MONTHLY
4 INSTALLMENTS UNTIL THE UNIT OWNER HAS FAILED TO PAY AT LEAST
5 THREE MONTHLY INSTALLMENTS PURSUANT TO SECTION 38-33.3-209.5
6 (7)(a)(III)(B).

7 (2) (d) The association shall have the statutory lien described in
8 subsection (1) of this section for any assessment levied or fine imposed
9 after June 30, 1992. Such a lien shall have DESCRIBED IN SUBSECTION (1)
10 OF THIS SECTION HAS the priority described in this subsection (2) if the
11 other lien or encumbrance is created after June 30, 1992.

12 (7) (a) (I) The association shall be IS entitled to costs and
13 reasonable attorney fees incurred by THAT the association in a judgment
14 or decree INCURS in any action or suit FOR A JUDGMENT OR DECREE
15 brought by the association under this section.

16 (II) A COURT SHALL DETERMINE REASONABLE ATTORNEY FEES IN
17 ACCORDANCE WITH RULE 121 SEC. 1-22 OF THE COLORADO RULES OF CIVIL
18 PROCEDURE.

19 (b) AN ASSOCIATION IS NOT ENTITLED TO RECOVER ATTORNEY
20 FEES UNDER SUBSECTION (7)(a) OF THIS SECTION FOR ATTORNEY FEES
21 INCURRED BEFORE THE ASSOCIATION HAS COMPLIED WITH THE NOTICE
22 REQUIREMENTS OF SECTION 38-33.3-209.5 (1.7)(a) WITH REGARD TO ANY
23 MATTER FOR WHICH THE ASSOCIATION IS REQUIRED TO COMPLY WITH THE
24 NOTICE REQUIREMENTS OF SECTION 38-33.3-209.5 (1.7)(a).

25 (12) IF A UNIT HAS BEEN FORECLOSED, A MEMBER OF THE
26 EXECUTIVE BOARD, AN EMPLOYEE OF A COMMUNITY ASSOCIATION
27 MANAGEMENT COMPANY REPRESENTING THE ASSOCIATION, AN EMPLOYEE

1 OF A LAW FIRM REPRESENTING THE ASSOCIATION, OR AN IMMEDIATE
2 FAMILY MEMBER, AS DEFINED IN SECTION 2-4-401 (3.7), OF ANY SUCH
3 EXECUTIVE BOARD MEMBER, COMMUNITY ASSOCIATION MANAGEMENT
4 COMPANY EMPLOYEE, OR LAW FIRM EMPLOYEE SHALL NOT PURCHASE THE
5 FORECLOSED UNIT.

6 **SECTION 5.** In Colorado Revised Statutes, 38-33.3-316.3,
7 **amend (2); repeal (3); and add (4) and (5) as follows:**

8 **38-33.3-316.3. Collections - limitations - violations.** (2) A
9 payment plan negotiated between the association or a holder or assignee
10 of the association's debt, whether the holder or assignee of the
11 association's debt is an entity or a natural person, and the unit owner
12 pursuant to this section must permit the unit owner to pay off the
13 deficiency in equal installments over a period of at least ~~six~~ EIGHTEEN
14 months. Nothing in this section prohibits an association or a holder or
15 assignee of the association's debt from pursuing legal action against a unit
16 owner if the unit owner fails to comply with the terms of ~~his or her~~ THE
17 UNIT OWNER'S payment plan. A unit owner's failure to remit payment of
18 ~~an~~ THREE OR MORE agreed-upon ~~installment~~ INSTALLMENTS PURSUANT TO
19 SECTION 38-33.3-209.5 (7)(a)(III)(B), or to remain current with regular
20 assessments as they come due during the ~~six-month~~ EIGHTEEN-MONTH
21 period, constitutes a failure to comply with the terms of ~~his or her~~ THE
22 UNIT OWNER'S payment plan.

23 (3) For purposes of this section, "assessments" includes regular
24 and special assessments and any associated fees, charges, late charges,
25 attorney fees, fines, and interest charged pursuant to section 38-33.3-315
26 (2).

27 (4) IF A UNIT OWNER WHO HAS BOTH UNPAID ASSESSMENTS AND

1 UNPAID FINES, FEES, OR OTHER CHARGES MAKES A PAYMENT TO THE
2 ASSOCIATION, THE ASSOCIATION SHALL APPLY THE PAYMENT FIRST TO THE
3 ASSESSMENTS OWED AND ANY REMAINING AMOUNT OF THE PAYMENT TO
4 THE FINES, FEES, OR OTHER CHARGES OWED.

5 (5) IF AN ASSOCIATION HAS VIOLATED ANY FORECLOSURE LAWS,
6 THE UNIT OWNER IN RELATION TO WHOM THE VIOLATION OCCURRED MAY,
7 WITHIN FIVE YEARS AFTER THE VIOLATION OCCURRED, FILE CIVIL SUIT IN
8 A COURT OF COMPETENT JURISDICTION AGAINST THE ASSOCIATION TO SEEK
9 DAMAGES. THE COURT MAY AWARD THE UNIT OWNER DAMAGES IN AN
10 AMOUNT OF UP TO TWENTY-FIVE THOUSAND DOLLARS, PLUS COSTS AND
11 REASONABLE ATTORNEY FEES, IF THE UNIT OWNER PROVES THE VIOLATION
12 BY A PREPONDERANCE OF THE EVIDENCE.

13 **SECTION 6.** In Colorado Revised Statutes, 13-6-403, **amend** (1),
14 (2) introductory portion, and (2)(h) as follows:

15 **13-6-403. Jurisdiction of small claims court - limitations.**
16 (1) (a) ~~On and after January 1, 1996;~~ The small claims court ~~shall have~~
17 HAS concurrent original jurisdiction with the county and district courts in
18 all civil actions in which the debt, damage, or value of the personal
19 property claimed by either the plaintiff or the defendant, exclusive of
20 interest and ~~cost~~ COSTS, does not exceed seven thousand five hundred
21 dollars, including such civil penalties as may be provided by law. By way
22 of further example, and not limitation, the small claims court ~~shall have~~
23 HAS jurisdiction to hear and determine actions in tort and assess damages
24 ~~therein~~ IN TORT ACTIONS not to exceed seven thousand five hundred
25 dollars.

26 (b) The small claims court division ~~shall also have~~ ALSO HAS
27 concurrent original jurisdiction with the county and district courts in

1 actions where a party seeks:

2 (I) TO ENFORCE RIGHTS AND RESPONSIBILITIES ARISING UNDER THE
3 DECLARATION, BYLAWS, COVENANTS, OR OTHER GOVERNING DOCUMENTS
4 OF A UNIT OWNERS' ASSOCIATION, AS DEFINED IN SECTION 38-33.3-103 (3),
5 IN RELATION TO DISPUTES ARISING FROM ASSESSMENTS, FINES, OR FEES
6 OWED TO THE UNIT OWNERS' ASSOCIATION AND FOR WHICH THE AMOUNT
7 AT ISSUE DOES NOT EXCEED SEVEN THOUSAND FIVE HUNDRED DOLLARS,
8 EXCLUSIVE OF INTEREST AND COSTS.

9 (II) To enforce a restrictive covenant on residential property and
10 the amount required to comply with the covenant does not exceed seven
11 thousand five hundred dollars, exclusive of interest and costs; ~~in actions~~

12 (III) ~~Where a party seeks~~ Replevin if the value of the property
13 sought does not exceed seven thousand five hundred dollars; and ~~in~~
14 ~~actions~~

15 (IV) ~~Where a party seeks~~ To enforce a contract by specific
16 performance or to disaffirm, avoid, or rescind a contract and the amount
17 at issue does not exceed seven thousand five hundred dollars.

18 (2) The small claims court ~~shall have no~~ HAS ONLY THAT
19 jurisdiction ~~except that~~ specifically conferred upon it by law, AS
20 PROVIDED IN SUBSECTION (1) OF THIS SECTION. In particular, it ~~shall have~~
21 ~~no~~ DOES NOT HAVE jurisdiction over the following matters:

22 (h) Actions involving injunctive relief, except as required to:

23 (I) ENFORCE RIGHTS OR RESPONSIBILITIES ARISING UNDER THE
24 DECLARATION, BYLAWS, COVENANTS, OR OTHER GOVERNING DOCUMENTS
25 OF A UNIT OWNERS' ASSOCIATION, AS DEFINED IN SECTION 38-33.3-103 (3),
26 AND INCLUDING ACTIONS SEEKING DECLARATORY RELIEF;

27 (II) Enforce restrictive covenants on residential property;

1 (H) (III) Enforce the provisions of section 6-1-702.5; C.R.S.;
2 (H) (IV) Accomplish replevin; and
3 (H) (V) Enter judgments in actions where a party seeks to enforce
4 a contract by specific performance or to disaffirm, avoid, or rescind a
5 contract;

6 **SECTION 7. Act subject to petition - effective date -**
7 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
8 the expiration of the ninety-day period after final adjournment of the
9 general assembly; except that, if a referendum petition is filed pursuant
10 to section 1 (3) of article V of the state constitution against this act or an
11 item, section, or part of this act within such period, then the act, item,
12 section, or part will not take effect unless approved by the people at the
13 general election to be held in November 2022 and, in such case, will take
14 effect on the date of the official declaration of the vote thereon by the
15 governor.

16 (2) This act applies to conduct occurring on or after the applicable
17 effective date of this act.