

HOUSE COMMITTEE OF REFERENCE REPORT

March 9, 2022

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Chair of Committee

Date

Committee on Transportation & Local Government.

After consideration on the merits, the Committee recommends the following:

HB22-1239 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

1 Amend printed bill, page 2, after line 1 insert:

2       **"SECTION 1. Legislative declaration.** (1) The general  
3 assembly finds and determines that:

4       (a) The department of regulatory agencies has considered the need  
5 for regulating community association managers (CAMs) through two  
6 sunrise reviews and one sunset review and has concluded, in each  
7 instance, that community association management companies should be  
8 regulated by the state, and in the sunrise reports, concluded that regulation  
9 of CAMs was necessary to protect the public;

10       (b) In response to the department's 2012 sunrise report, the general  
11 assembly enacted House Bill 13-1277, which established a regulatory  
12 scheme for CAMs that required all CAMs, whether individuals or  
13 business entities, to obtain a license through the division of real estate;

14       (c) In its 2017 sunset review of the regulation of CAMs, the  
15 department recommended continuing the regulation in order to gather  
16 additional, relevant information, but proposed legislation to continue the  
17 regulatory program failed in 2018 and 2019, and the regulation of CAMs  
18 ceased in 2019;

19       (d) Since the termination of CAM regulation, the department  
20 conducted a study and survey of the industry, homeowners, and other  
21 stakeholders and found that sixty-four percent of CAMs and eighty-two  
22 percent of homeowners favor regulation of CAMs to protect the public;  
23 and

24       (e) Thereafter, the department conducted another sunrise review  
25 and concluded that "minimal regulatory programs should be enacted to  
26 ensure that CAMs who commit acts such as theft are held accountable  
27 through regulatory oversight . . ." and while "regulation may not prevent  
28 thefts from occurring in the future, it would potentially prevent a

1 practitioner from practicing again in Colorado."

2 (2) The general assembly therefore declares that the regulation of  
3 CAMs:

4 (a) Is important to protect the public, and in particular,  
5 homeowners, from financial harm and ensure businesses engaged in the  
6 practice of community association management and their employees and  
7 contractors have knowledge of applicable laws and are able to perform  
8 community association management activities in a manner that ensures  
9 homeowners are not financially harmed; and

10 (b) Must be accomplished in a manner that is least restrictive to  
11 the business of community association management, is efficient, and is  
12 cost-effective in order to avoid significant impacts and minimize burdens  
13 on both businesses and homeowners.".

14 Renumber succeeding sections accordingly.

15 Page 5, line 8, strike "HOA;" and substitute "HOA AND THE HOA, UPON  
16 ANNUAL REGISTRATION PURSUANT TO SECTION 38-33.3-401, HAS  
17 DISCLOSED THE NAME OF THE INDIVIDUAL EMPLOYED OR ENGAGED BY THE  
18 HOA TO PERFORM COMMUNITY ASSOCIATION MANAGEMENT FOR THE  
19 HOA;".

20 Page 6, strike lines 9 through 18 and substitute:

21 "(a) MEETS THE EDUCATION REQUIREMENTS ESTABLISHED BY THE  
22 DIRECTOR BY RULE;

23 (b) DEMONSTRATES KNOWLEDGE OF THE LAWS OF THIS STATE  
24 THAT GOVERN COMMON INTEREST COMMUNITIES AND HOAs, INCLUDING  
25 THE "COLORADO REVISED NONPROFIT CORPORATION ACT", ARTICLES 121  
26 TO 137 OF TITLE 7, THE CCIOA, AND ANY OTHER LAWS SPECIFIED BY THE  
27 DIRECTOR BY RULE; AND".

28 Reletter succeeding paragraph accordingly.

29 Page 7, line 19, strike "10." and substitute "10, INCLUDING RULES  
30 ESTABLISHING EDUCATION REQUIREMENTS FOR CONTROLLING MANAGERS  
31 AND ANY EMPLOYEES OF A LICENSED ENTITY WHO PERFORM COMMUNITY  
32 ASSOCIATION MANAGEMENT ON BEHALF OF THE LICENSED ENTITY.".

33 Page 7, line 24, strike "IT" and substitute "ON AND AFTER JULY 1, 2023,  
34 IT".

35 Page 9, line 14, strike "AND".

1 Page 9, after line 14 insert:

2 "(d) DEMONSTRATES THAT THE BUSINESS ENTITY HAS A POLICY  
3 FOR EVALUATING THE FITNESS AND ABILITY OF ITS EMPLOYEES TO  
4 PERFORM THE DUTIES OF A COMMUNITY ASSOCIATION MANAGER; AND".

5 Reletter succeeding paragraph accordingly.

6 Page 13, strike lines 18 through 21 and substitute:

7 "(b) THE DIRECTOR SHALL ENGAGE IN RULE-MAKING TO ESTABLISH  
8 AN EQUITABLE FEE STRUCTURE THAT CONTEMPLATES THE SIZE OF THE  
9 BUSINESS ENTITY, NUMBER OF EMPLOYEES PERFORMING COMMUNITY  
10 ASSOCIATION MANAGEMENT ACTIVITIES FOR THE BUSINESS ENTITY, AND  
11 THE NUMBER AND SIZE OF THE ASSETS MANAGED.".

12 Page 17, strike lines 12 and 13 and substitute:

13 "(I) MEET THE EDUCATION REQUIREMENTS ESTABLISHED BY THE  
14 DIRECTOR BY RULE PURSUANT TO SECTION 12-10-1002 (1); OR".

15 Page 17, line 16, strike "OR".

16 Page 17, after line 16 insert:

17 "(m) FAILING TO PERFORM THE TERMS OF A WRITTEN AGREEMENT  
18 BETWEEN THE LICENSED ENTITY AND AN HOA OR EXECUTIVE BOARD; OR".

19 Reletter succeeding paragraph accordingly.

20 Page 20, line 7, strike "2029." and substitute "2027.".

21 Page 20, line 10, strike "(30)(a)(VII)" and substitute "(28)(a)(VII)".

22 Page 20, line 13, strike "(30)" and substitute "(28)".

23 Page 20, line 14, strike "2029:" and substitute "2027:".

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