



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1043: OWNER EQUITY PROTECTION IN HOA FORECLOSURE SALES

Prime Sponsors:

Rep. Ricks
Sen. Exum

Fiscal Analyst:

Brendan Fung, 303-866-4781
brendan.fung@coleg.gov

Published for: Senate Local Govt. & Housing

Drafting number: LLS 25-0077

Version: First Revised Note

Date: March 3, 2025

Fiscal note status: This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill modifies HOA enforcement, foreclosure, and reporting requirements.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- State Revenue

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill makes several changes to a homeowner association's (HOA) enforcement procedures and foreclosure actions, and modifies reporting requirements for both HOAs and the Department of Regulatory Agencies (DORA).

Enforcement

The bill requires an HOA to comply with its own bylaws and all applicable state laws prior to recovering money through enforcement actions.

When collecting unpaid assessments, current law requires an HOA to provide unit owners with a notice of delinquency prior to taking legal action or transferring the account to a collection agency. The bill adds certain timelines and instructions for unit owners to the notice.

Foreclosure

The bill requires an HOA to provide unit owners with a notice regarding credit counseling services at least thirty days prior to initiating a foreclosure. Upon foreclosure, the HOA must provide a notice to the unit owner outlining their right to cure the nonpayment and file a motion to stay the sale at auction. If the unit owner files a motion to stay, they must submit a fair market value of the property or an alternate value, and list the unit at this price.

Reporting

When registering annually with DORA, an HOA must submit totals for the previous twelve-month period on the following:

- unit owners that were delinquent in paying assessments;
- judgments obtained by the HOA against unit owners;
- payment plans entered into between an HOA and a unit owner;
- foreclosure actions filed against unit owners; and
- any other information DORA specifies regarding assessment collections and foreclosures.

State Revenue

Starting in FY 2025-26, the bill may impact revenue to the Judicial Department from filing fees. If fewer civil cases are initiated by HOAs to foreclose a lien or take other legal action against a unit owner as a result of the bill, revenue will decrease. At the same time, to the extent other requirements under the bill lead to additional filings (such as a dispute about fair market value amount or an HOA's auction bid), revenue could increase. Overall, it is assumed that impacts to revenue will be minimal. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill minimally impacts workload in DORA and the Judicial Department beginning in FY 2025-26, as described below.

Department of Regulatory Agencies

The HOA Information and Resource Center in DORA serves as a resource for consumers to understand rights and responsibilities under current law. The center also registers common interest communities like HOAs and other housing cooperatives, and tracks complaints. Workload will increase for the center to generate information for HOA unit owners facing collections, legal action, or foreclosure. This workload is expected to be minimal and no change in appropriations is required.

Judicial Department

The trial courts in the Judicial Department may experience an increase in workload to hear additional cases and make findings during civil cases regarding HOA compliance. This workload may be offset to the extent the bill reduces foreclosure and other legal actions by HOAs. The fiscal note assumes that any workload impact will be minimal and change in appropriations are required.

Effective Date

The bill takes effect October 1, 2025, assuming no referendum petition is filed, and applies to enforcement actions instituted on or after this date.

State and Local Government Contacts

Judicial

Regulatory Agencies