

House Bill 19-1212
Sponsor Talking Points
House Finance
April 17th 1:30 pm

- Why are we here today
 - o In 2013, the General Assembly enacted HB 13-1277 which required community association manager and executives of management companies who directly supervise managers to be licensed by the Division of Real Estate.
 - o Licensing was done to ensure managers and management companies were knowledgeable in their field and to protect consumers providing them with a place to file grievances.
 - o Licensing was designed to protect homeowners in common interest communities from abuses such as, theft or mismanagement of funds, inadequate accounting and recordkeeping practices, and lack of transparency in board meetings and association records.
 - o In 2018, the program was sunset on a 2-3 partisan vote of the Senate Finance Committee.
 - o This bill would reinstate the program per the recommendation of the sunset report last year, it also includes many of the suggestions from the sunset report for improvement.
 - o As sponsors we also met with many stakeholders about this program and have included some changes requested by the stakeholders as well.
 - o If we don't pass HB 1212, there will no longer be any licensing requirements for community association managers or management companies as of July 1, 2019. There will also no longer be a place for homeowners to file complaints and seek an investigation against a manager or management association.
- Who is impacted
 - o Approximately 1.9 million Coloradans live in one of the 9,500 common interest communities, this is 35% of the population who interact with managers or management companies on a monthly basis.
 - o In 2016, there were approximately 1,500 Managers, 70 apprentices and just under 500 management companies in Colorado.
 - o In 2016-2017 there were 129 complaints made against managers and 132 complaints against management companies
- Past actions
 - o In fiscal year 16-17, the Director
 - issued 12 cease and desist orders to one entity and 11 individuals,
 - issued 8 letters of admonition to individuals,
 - censured two individuals,
 - denied a license to one individual
 - revoked the license of one individual.
 - The Director also issued seven fines to one entity and six individuals, totaling \$5,750.

- What HB 1212 Does
 - o Recreates and reenacts the CAM (Community Association Manager) licensing program under the division of real estate.
 - o Sunsets the program on September 1, 2025
 - o Makes changes that were recommended by the sunset report including:
 - Allowing individuals who only do clerical, accounting or maintenance functions to not require licensing
 - Changing the requirements for the apprenticeship
 - Removed the naming of private credentials as qualifications for licensure and substituting a requirement for the director to specify acceptably credentials by rule
 - o Following meetings with stakeholders we also included the creation of a 7-member advisory committee to make recommendations to the director regarding changes to the rules, handling complaints, and other matters.
- Why we need HB 1212
 - o To protect consumers – bottom-line a home is the largest purchase a person will make and 1/3 of Coloradans make that purchase in a managed community. They need to know the community they are joining is managed by a professional who has been vetted, educated, and is in good standing.
 - o If, something should go wrong consumers need a place to turn to file a complaint and resolution.
 - o Community association property appreciates and retains value at a higher rate than non-community association property. In addition, since community associations provide for many of their own amenities, they serve to reduce the tax burden on state and local governments.
 - o The Colorado CAM Licensure program was developed like Illinois and Virginia through the recognition of a credible program developed through strict standards by practitioners for practitioners, thus creating a program that has a higher level of consumer protection with no expense to the state budget as it is offset by licensing fees.

AGAINST AMENDMENT L.010:

You have heard from many witnesses how important this bill is for consumer protection and in order to raise the bar on the community management industry.

Amendment L.010 undoes all of these consumer protections. By making any participation voluntary it means anyone could start managing an association on July 1st.

It gets rid of:

- Background checks
- Required education and demonstration of knowledge of Colorado CCIOA law
- Managers will no longer be required to disclose their fees to the Board
- Managers will no longer be required to carry E&O or Fidelity insurance

- There will be no list of managers that an HOA Board can use to know a manager has been background checked, passed the exam, met educational requirements
- But, the biggest issue is there will no longer be a way to enforce violations of CCIOA and other bad practices will be very tough if not close to impossible to enforce.

If amendment L.010 passes the only way a homeowner could seek a resolution to a problem with a manager would be to sue them for damages in court or to file a deceptive trades action via a hotline. This isn't the type of consumer protection we should stand for.