



D 2019 006

EXECUTIVE ORDER

Directing a Stakeholder Process to Examine Community and Homeowner Associations

Pursuant to the authority vested in the Governor of the State of Colorado and, in particular, pursuant to Article IV, Section 2 of the Colorado Constitution, I, Jared Polis, Governor of the State of Colorado, hereby issue this Executive Order directing the Department of Regulatory Agencies (DORA) to conduct a comprehensive review of existing and potential laws and recommend strategies to promote effective and efficient regulation of Community Association Managers (CAMs) and Homeowners' Associations (HOAs).

I. Background and Purpose

With the veto of House Bill 19-1212, "Concerning the recreation of the community association manager licensing program," the State has an opportunity to change the conversation about policies that impact CAMs and HOAs. The state should examine the structure and management of HOAs to ensure they protect homeowners and, ultimately, save homeowners money.

As of December 31, 2018, 7,881 common interest communities have been registered with the State. More than 60% of these communities are professionally managed. According to the Division of Real Estate within the Department of Regulatory Agencies (DORA), a substantial majority of all complaints concerning HOAs stem from HOAs' refusal to provide access to the books and records of the community. Consumers complain about communication, transparency, and poor accounting and budgeting practices. Generally, homeowners bear the costs of inadequate reserves and of licensure requirements, raising the costs of homeownership at a time when concerns about the high cost of housing remains a top concern of our administration.

According to the Division of Real Estate, an estimated 44% of Coloradans live in a community governed by an HOA. It is incumbent on the state to promote transparency and protect homeowners against practices that needlessly raise the cost of homeownership.

II. Declarations and Directives

I hereby direct the Executive Director of DORA (Executive Director) and the Director of the Division of Real Estate to lead a stakeholder process that will complete a comprehensive review of CAMs and HOAs. The Executive Director will consider, develop, and make recommendations on how to promote effective and efficient regulation of CAMs and HOAs, including the following:



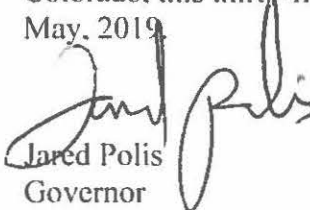
- A. The licensure of CAMs, considering recommendations from the 2017 DORA sunset report, and whether licensure is needed to protect consumer safety and is cost-effective;
- B. Approaches that improve transparency among HOAs;
- C. Methods to reduce costs and improve the transparency of HOA fees and fee schedules; and
- D. Strategies to promote homeowner rights and consumer protections through an evaluation of the Colorado Common Interest Ownership Act and other related acts or rules.

III. Duration

This Executive Order shall expire on January 1, 2020, unless modified or rescinded by future Executive Order of the Governor.



GIVEN under my hand and the
Executive Seal of the State of
Colorado, this thirty-first day of
May, 2019.


Jared Polis
Governor