



SIDE STREETS

BILL
VOGRIN

bill.vogrin@
gazette.com /
636-0193

All-powerful HOAs see Land of Oz crumbling

5/13/10

The free-wheeling days of HOAs may be numbered.

Horror stories of open-meetings violations, arbitrary covenant enforcement and theft of dues by homeowners associations led the General Assembly to pass a bill Tuesday that would create a statewide HOA Information and Resource Center.

If Gov. Bill Ritter signs the bill into law, as expected, Colorado would take a big step toward strict oversight of the 12,000 or so HOAs operating statewide.

Some hate the idea.

"It's a terrible bill," said Rep. Amy Stephens, R-Monument, whose own bill to allow small HOAs to exempt themselves from state HOA law was killed in March.

"There were not hundreds of people lined up saying we need this," Stephens said. "This creates an office with two people. Next year, it will be two more. This is absolutely the first step toward state-run, state-controlled, state-regulated HOAs."

It passed on a straight party-line vote.

The bill was sponsored by a pair of Aurora Democrats, Rep. Su Ryden and Sen. Morgan Carroll, who originally envisioned an HOA ombudsman with power to investigate allegations of abuse by HOA boards as well as to mediate disputes.

They said their bill was a response to growing complaints from people living in covenant-controlled communities — neighborhoods, condos, townhomes and time-share complexes. Voluntary HOAs aren't affected by the bill.

but lawmakers backed off the ombudsman, opting for a simple resource center and information officer funded by a \$20 fee on every HOA.

The bill would require each association to register with the state office, which would gather data on HOAs and track complaints filed by the estimated 1.6 million Coloradans living in associations.

The center would serve as a clearinghouse for HOA board members and residents, providing basic information about their rights and responsibilities. The center would exist within the Colorado Division of Real Estate and take effect on Jan. 1, 2011.

Failure of an HOA to register would strip its board of the power to place liens against property owners who violate neighborhood covenants — rules governing everything from paint colors to landscaping and parking. In addition, they would lose the right to collect attorneys' fees in lawsuits against homeowners.

The HOA Information and Resource Center is patterned after a state agency in Nevada, created in 1997 to help people resolve HOA disputes besides suing in civil court. Today, its ombudsman has a \$1.5 million budget and a staff of 15.

Dave Munger, president of the Council of Neighbors and Organizations, an umbrella group for Springs-area HOAs, is withholding judgment on the bill pending more analysis.

Stephens has no doubt:

"It's an example of extreme bureaucracy. It's ridiculous."

Read my blog updates
at gazette.com/blogs/sidestreets