

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0490.01 Richard Sweetman x4333

SENATE BILL 24-021

SENATE SPONSORSHIP

Rich and Exum, Baisley, Gardner, Hansen, Kirkmeyer, Lundeen, Pelton B., Roberts, Smallwood, Will

HOUSE SPONSORSHIP

Soper,

Senate Committees

Local Government & Housing

House Committees

A BILL FOR AN ACT

101 **CONCERNING EXEMPTING CERTAIN SMALL COMMUNITIES FROM**
102 **CERTAIN REQUIREMENTS OF THE "COLORADO COMMON**
103 **INTEREST OWNERSHIP ACT".**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law exempts certain small cooperatives and limited-expense planned communities from most of the requirements of the "Colorado Common Interest Ownership Act", which governs the conduct of homeowners' associations (associations). A cooperative or planned community may avail itself of the exemption if:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
3rd Reading Unamended
February 5, 2024

SENATE
Amended 2nd Reading
February 2, 2024

- A cooperative was created on or after July 1, 1992, but before July 1, 1998, and either contains only units restricted to nonresidential use or contains no more than 10 units and is not subject to any development rights;
- A planned community was created on or after July 1, 1992, but before July 1, 1998, and contains no more than 10 units and is not subject to any development rights, or if a planned community provides in its declaration that the annual average common expense liability of each unit restricted to residential purposes may not exceed \$400, as adjusted for changes in the consumer price index (CPI);
- A cooperative or planned community was created on or after July 1, 1998, and contains only units restricted to nonresidential use or contains no more than 20 units and is not subject to any development rights; or
- A planned community was created after July 1, 1998, and provides in its declaration that the annual average common expense liability of each unit restricted to residential purposes may not exceed \$400, as adjusted for changes in the CPI.

The bill combines these exemptions, with amendments, to state that a cooperative or planned community may avail itself of the exemption if:

- A cooperative or planned community was created on or after July 1, 1992, and either contains only units restricted to nonresidential use or contains no more than 20 units and is not subject to any development rights; or
- A planned community provides in its declaration that the annual average common expense liability of each unit restricted to residential purposes must not exceed \$400, as adjusted annually since July 1, 1999, for changes in the CPI.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 38-33.3-116
 3 as follows:

4 **38-33.3-116. Exception for new small cooperatives and small**
 5 **and limited-expense planned communities.** (1) (a) EXCEPT AS
 6 DESCRIBED IN SUBSECTION (4) OF THIS SECTION, if a cooperative OR
 7 PLANNED COMMUNITY WAS created in this state on or after July 1, 1992,

1 ~~but prior to July 1, 1998~~; AND EITHER contains only units restricted to
2 nonresidential use or contains no more than ~~ten~~ TWENTY units and is not
3 subject to any development rights, it is subject only to sections
4 38-33.3-105 to 38-33.3-107, unless the declaration provides that this
5 entire ~~article~~ ARTICLE 33.3 is applicable.

6 (b) ~~If a planned community created in this state on or after July 1,~~
7 ~~1992, but prior to July 1, 1998, contains no more than ten units and is not~~
8 ~~subject to any development rights or~~ EXCEPT AS DESCRIBED IN
9 SUBSECTION (4) OF THIS SECTION, if a planned community provides in its
10 declaration that the annual average common expense liability of each unit
11 restricted to residential purposes, exclusive of optional user fees and any
12 insurance premiums paid by the association, ~~may~~ MUST not exceed four
13 hundred dollars, as adjusted pursuant to subsection (3) of this section, it
14 is subject only to sections 38-33.3-105 to 38-33.3-107, unless the
15 declaration provides that this entire ~~article~~ ARTICLE 33.3 is applicable.

16 (2) ~~If a cooperative or planned community created in this state on~~
17 ~~or after July 1, 1998, contains only units restricted to nonresidential use,~~
18 ~~or contains no more than twenty units and is not subject to any~~
19 ~~development rights, it is subject only to sections 38-33.3-105 to~~
20 ~~38-33.3-107, unless the declaration provides that this entire article is~~
21 ~~applicable. If a planned community created in this state after July 1, 1998,~~
22 ~~provides, in its declaration, that the annual average common expense~~
23 ~~liability of each unit restricted to residential purposes, exclusive of~~
24 ~~optional user fees and any insurance premiums paid by the association,~~
25 ~~may not exceed four hundred dollars, as adjusted pursuant to subsection~~
26 ~~(3) of this section, it is subject only to sections 38-33.3-105 to~~
27 ~~38-33.3-107, unless the declaration provides that this entire article is~~

1 applicable.

2 (3) (a) The AMOUNT OF THE dollar limitation set forth in
3 ~~subsections (1) and (2)~~ SUBSECTION (1)(b) of this section ~~shall~~ MUST be
4 increased annually on July 1, 1999, and on July 1 of each succeeding year
5 in accordance with any increase in the United States department of labor
6 bureau of labor statistics final consumer price index for the
7 Denver-Boulder consolidated metropolitan statistical area for the
8 preceding calendar year. The AMOUNT OF THE limitation ~~shall~~ MUST not
9 be increased if the final consumer price index for the preceding calendar
10 year did not increase and ~~shall~~ MUST not be decreased if the final
11 consumer price index for the preceding calendar year decreased.

12 (b) THE AMOUNT OF THE DOLLAR LIMITATION SET FORTH IN
13 SUBSECTION (1)(b) OF THIS SECTION, AS ADJUSTED AS DESCRIBED IN
14 SUBSECTION (3)(a) OF THIS SECTION, APPLIES TO EACH PLANNED
15 COMMUNITY DESCRIBED IN SUBSECTION (1)(b) OF THIS SECTION,
16 REGARDLESS OF WHEN THE PLANNED COMMUNITY WAS CREATED.

17 (4) A COOPERATIVE OR PLANNED COMMUNITY THAT IS SUBJECT
18 ONLY TO SECTIONS 38-33.3-105 TO 38-33.3-107 OF THIS ARTICLE 33.3
19 PURSUANT TO SUBSECTION (1)(a) OR (1)(b) OF THIS SECTION MAY ELECT TO
20 BE SUBJECT TO THIS ENTIRE ARTICLE 33.3. A COOPERATIVE OR PLANNED
21 COMMUNITY THAT SO ELECTS SHALL ADOPT AN AMENDMENT TO ITS
22 DECLARATION IN ACCORDANCE WITH SECTION 38-33.3-217 EVIDENCING
23 THE COOPERATIVE OR PLANNED COMMUNITY'S ELECTION TO BE SUBJECT
24 TO THIS ENTIRE ARTICLE 33.3.

25 SECTION 2. In Colorado Revised Statutes, 12-10-801, add
26 (3)(a.5) as follows:

27 12-10-801. HOA information and resource center - creation -

1 duties - rules - subject to review - repeal. (3) (a.5) (I) THE HOA
2 INFORMATION OFFICER SHALL IDENTIFY, TO THE EXTENT PRACTICABLE,
3 COOPERATIVES AND PLANNED COMMUNITIES THAT:

4 (A) PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION (3)(a.5),
5 WERE SUBJECT TO THE ENTIRETY OF ARTICLE 33.3 OF TITLE 38; AND

6 (B) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
7 (3)(a.5), ARE SUBJECT ONLY TO SECTIONS 38-33.3-105 TO 38-33.3-107, AS
8 DESCRIBED IN SECTION 38-33.3-116.

9 (II) ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
10 (3)(a.5), BUT NO LATER THAN NOVEMBER 1, 2024, THE HOA
11 INFORMATION OFFICER SHALL NOTIFY EACH COOPERATIVE AND PLANNED
12 COMMUNITY IDENTIFIED PURSUANT TO SUBSECTION (3)(a.5)(I) OF THIS
13 SECTION THAT:

14 (A) AS A RESULT OF THE ENACTMENT OF SENATE BILL 24-021,
15 ENACTED IN 2024, THE COOPERATIVE AND PLANNED COMMUNITY IS
16 SUBJECT ONLY TO SECTIONS 38-33.3-105 TO 38-33.3-107, AS DESCRIBED
17 IN SECTION 38-33.3-116; AND

18 (B) PURSUANT TO SECTION 38-33.3-116 (4), THE COOPERATIVE
19 AND PLANNED COMMUNITY MAY ELECT TO BE SUBJECT TO THE ENTIRETY
20 OF ARTICLE 33.3 OF TITLE 38, AND THAT A COOPERATIVE OR PLANNED
21 COMMUNITY THAT SO ELECTS IS REQUIRED TO ADOPT AN AMENDMENT TO
22 ITS DECLARATION IN ACCORDANCE WITH SECTION 38-33.3-217
23 EVIDENCING THE COOPERATIVE OR PLANNED COMMUNITY'S ELECTION TO
24 BE SUBJECT TO THE ENTIRETY OF ARTICLE 33.3 OF TITLE 38.

25 (III) THIS SUBSECTION (3)(a.5) IS REPEALED, EFFECTIVE JULY 1,
26 2025.

27 **SECTION 3.** Act subject to petition - effective date. This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2024 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.