

Statement of HOA Member and Advocate Paula Moore

*Hearing on HB 16-1149
House Committee on Local Government
February 24, 2016*

Good afternoon, Chairwoman Fields, Vice-Chair Lebsack, Committee Members, Staff and Visitors.

My name is Paula Moore, and my interest in this legislation comes from my membership and responsibilities in three Colorado Homeowners Associations (HOAs). Each of these associations has attempted to address issues related to this bill, and I offer their insights for your deliberations.

I've belonged to The Willows at Highline Homeowners Association since 2000, resided in that community for 13 years, and served on its communications committee. This 86-unit townhouse development in southeast Denver was created in 1986, during the timeframe covered by this bill.

I've also been a member of East Hatchet Ranch Homeowners Association since 1999 and have resided there since 2012. This rural development of over 350 properties 30 miles south of Pueblo, was created in 1996 to be exempt from most CCIOA provisions under Section 116(1). I have served on several committees, and currently advise the board while my husband serves as a director. I was also a member of Blackhawk Ranch Homeowners Association in rural Huerfano County from 1997 through 2014 and served several years as a director.

Based on my experiences with these communities, I strongly support the intent of this bill to bring older common interest communities like The Willows under the good governance provisions of CCIOA Section 303. These provisions provide additional transparency and accountability for HOAs and their committees.

Both of my current associations have incorporated these practices in their operations—even though they were not obligated under CCIOA. Codifying these practices in law will help promote their consistent use, regardless of the date when an HOA was formed, and sends message to the Willows and other older HOAs that these recognized standards are important for most HOAs.

Since this bill promotes accepted good governance practices, shouldn't it also apply to exempt associations like East Hatchet Ranch? I have seen firsthand good reasons why not. CCIOA-exempt communities need some latitude in implementing CCIOA practices because they typically lack the assets, resources, and complexities of other communities. CCIOA's provisions can prove burdensome and costly to associations with few units, minimal common infrastructure, limited income and expenses, and/or all-volunteer boards and committees. My experience has been that these shoe-

string HOA Boards are generally diligent and that amendments like the one proposed in House Bill 1149 adequately communicate best governance practices for their consideration.

However, this bill also illustrates a broader problem with CCIOA. Over the years, various types of communities recognized by the Act were subjected to an evolving set of controls and protections through amendments. The result has been a patchwork of regulations driven by the creation dates of communities, which can be inadvertently unfair to some. It's important to correct these inequities in CCIOA as we find them.

Therefore, I ask you to amend the bill at hand to also address a date-driven inequity among exempt communities. An oversight in 1998 and 2015 amendments caused CCIOA to treat associations like East Hatchet differently than other exempt associations with respect to inflation. Beginning in 1999, associations with \$400 assessment caps (those created after mid-1998 under Section 116(2)) could raise their assessments and still remain exempt from most of CCIOA's provisions—as long as they do not exceed the U.S. Department of Labor inflation index for the Denver-Boulder area (Section 116(3)). This provision was not applied to older associations with \$300 assessment caps (those created before mid-1998 under CCIOA Sections 116(1) or 119).

The result is yet another inequity based on when a community was formed. Pre-1998 exempt HOAs are forced to become fully CCIOA-compliant when they raise assessments beyond \$300 to keep up with increasing costs OR to let common property deteriorate in order to keep administration and costs manageable. This dilemma has negative effects on these communities—deterioration of common elements, conflicts among directors and owners, and depressed property values.

I ask you to remedy this patchwork past by amending CCIOA Sections 116 (1) & (3) and Section 119 to apply the existing inflation adjustment to all associations formed before mid-1998. My own East Hatchet Ranch HOA has endorsed this change, as have dozens of HOA members via our web site at www.gopetition.com.* The Colorado Legislative Action Committee of the Community Association Institute also supports correction of this CCIOA flaw. I am making available to you documentation that demonstrates support for this revision and proposed language to incorporate into HB 16-1149.

Thank you for your time and efforts to make CCIOA consistent and reasonable for the broad range of HOAs throughout Colorado.

*Visit <https://www.gopetition.com/petitions/keep-colorados-community-associations-viable.html>