



Delivery By Hand

MEMORANDUM

**TO: Colorado Department of Regulatory Agencies (DORA)
Office of Policy, Research and Regulatory Reform**

**FROM: Colorado Legislative Action Committee (CLAC) Licensing Task Force
Community Associations Institute (CAI)**

DATE: November 4, 2011

**RE: SUBMITTAL OF SUNRISE REVIEW APPLICATION
LICENSURE OF COMMON INTEREST COMMUNITY ASSOCIATION
MANAGERS**

Please accept the attached documentation as our application for Sunrise Review. We look forward to working with your office in our request for licensure of Common Interest Community Association Managers.

Kind regards,
Chris Pacetti, PCAM®
Chair, Colorado Legislative Action Committee (CLAC) Licensing Task Force
Community Associations Institute (CAI)



1. The name, address, telephone number, and organizational affiliation of the person(s) designated to represent the applicant.

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2. What is the occupational group for which the applicant is seeking regulation? Is this group known by more than one name? If so, please specify.

The occupational group is known by several names:

- **Homeowner Association Managers**
- **Community Association Managers**
- **Association Business Managers**
- **Common Interest Community Association Managers**
- **Property Managers (in it's broadest terminology)**

3. Identify the associations, organizations and other groups representing the practitioners. Please provide contact information for each organization.

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4. Please estimate the number of Colorado practitioners in each group.

In our estimation there are 1,250 Community Association Managers in the State of Colorado.

This number is based upon the following factors:

- **Estimated that there are 10,000 Common Interest Community (“CIC” or “community”) Associations (commonly referred to as Homeowner’s Associations or HOAs) in Colorado;**
- **The average best-practice ratio of manager-to-association is 1-to-8. ****

****This figure is based upon a query of several industry professionals who all have a 25-year+ framework of experience and best practice implementation in allocating the efficient and results-oriented Manager to Association ratios.**

In addition, we do know that Colorado currently has 565 individuals who hold the Certified Manager of Community Associations (CMCA) designation

Source: The National Board of Certification for Community Association Managers (NBC-CAM)

Furthermore, it is estimated* that:

- **850,000 Coloradans live in a community association;**
- **\$67 billion is the value of homes in all community associations in Colorado;**
- **\$670 million is the total annual operating revenue for Colorado community associations; and**
- **\$580 million is the value of investment accounts held for long-term maintenance and replacement for community associations in Colorado.**

***Estimates are based U.S. census statistics and national statistics of the Community Associations Institute (CAI)**

Please note that these estimated numbers continue to be refined through the data collection currently underway by the HOA Information Office located in DORA's Division of Real Estate. Beginning on January 1, 2011, the Division was required to register all Community Associations in the State of Colorado. Stiff legal penalties were to be given for those Community Associations which fail to register. As of September 4, 2011, a total of 7,932 Community Associations have registered with the State of Colorado. There will be a more accurate number of Community Associations at the end of 2011 and subsequently a more accurate number of Community Association Managers. However, it should be noted that the Division of Real Estate published a Position Statement stating that Pre-CCIOA Community Associations (meaning associations created prior to July 1, 1992) are not required to register. As a result, the number of Community Associations that ultimately register will not accurately reflect the total number of Associations in Colorado. In fact, based upon our experience in the industry, it is our belief that there are several thousand Community Associations in Colorado which fall into the Pre-CCIOA category.

5. Describe the functions performed by members of this occupational group. Note which functions are unsupervised or supervised and by whom. In addition, indicate functions which are similar to those performed by other groups and identify those groups. How do the functions performed by this group vary from the other groups' functions?

Background

Common Interest Community Associations are created under Colorado law to govern and operate common interest communities (commonly referred to as "Community Associations" and "Homeowners' Associations"). The vast majority of Common Interest Communities are created as nonprofit corporations under Colorado law and are comprised of the owners of units located in these communities who are the members of these nonprofit corporations.

Volunteer Board Members are members of their Community Associations by virtue of owning a home in that Association. Election to these volunteer Boards of Directors generally requires no experience or knowledge; just an interest in serving on the volunteer Board of Directors. The natural legal and business structures of Community Associations place these institutions, and the people who serve them, in control of hundreds of thousands to millions of dollars of assets; often without consistent education or expertise. Directors serving on these volunteer Boards have a fiduciary duty to protect and

preserve the common property in these communities and the property values of their fellow individual homeowners within the association. Directors often rely upon the expertise of their Community Managers for advice and assistance in carrying out their fiduciary duty, making decisions of significance, managing the finances of the Association and implementing policies and decisions of the Board.

The specific tasks the Community Manager is responsible for carrying out in any given Association are generally enumerated in a contract the Manager has with the Community Association. However, it is safe to say that the Community Manager generally fulfills the role of agent and administrative support to the Association and volunteer Board of Directors. Detailed tasks are outlined below, but in general the Manager is frequently responsible for keeping the records of the Association (minutes, corporate report, financial statements, owners' files, contracts, maps, etc.), inspecting the community for maintenance needs and for compliance with community standards (rules) or other legal requirements, supervising maintenance activities (planned, regular, routine, preventive, emergency) and providing guidance and expertise to the Board to assist the Directors in fulfilling their fiduciary duty to the Association.

The Community Manager typically provides advice to the volunteer Board on when to seek legal counsel or the guidance from other experts.

The guiding document on the responsibilities of the Community Manager is the contract between the Association and the Community Manager.

Functions performed by members of this occupational group are similar to business managers, accountants, property managers and construction supervisors. What is unique about this occupation is that the volunteer Board Members who hire, supervise and are responsible for the actions of Community Association Managers are often inexperienced and lacking knowledge regarding the governance and operations of Community Associations and the applicable laws in Colorado. In addition, Community Managers carry out the unique function of facilitating the governance of these nonprofit Community Associations.

Functions & Duties

Community Association Managers generally provide many of the functions listed below:

Accounting

- Establish bank accounts for Community Associations. Community Association Managers are usually not signers on the account and it

- generally takes two volunteer Board Member Signatures to sign all checks (supervised with Board oversight);
- Preparation of checks for payment of contractor invoices (unsupervised);
 - Collection of homeowner maintenance fees; also referred to as dues or assessments (unsupervised);
 - Work with Association Attorneys regarding collection of delinquent assessments (commonly referred to as “dues”), special assessments or maintenance fees. Attend court when necessary (unsupervised);
 - Maintain a general ledger (unsupervised);
 - Maintain payment ledgers for each owner within a Community Association (unsupervised);
 - Produce monthly financial statements for Board review (unsupervised);
 - Reconcile all bank statements on a monthly basis (unsupervised);
 - Help to prepare annual budgets (unsupervised);
 - Establish ACH deductions for homeowners interested in that service (unsupervised); and
 - Provide the Community Association’s CPA with the necessary financial information and business records to perform an audit and prepare state and federal tax returns for the Community Association. Work with and provide information to the CPA to answer questions that may arise (unsupervised).

Administrative

- Arrange meeting facilities for meetings. Prepare notices, agendas, minutes, reports, bids, contracts, and other documents for Board or Member Meetings (unsupervised);
- Attend all Board and Member Meetings, record key decisions and rationale, participate in the meeting and follow up with directives from the volunteer Board (supervised by Board);
- Advise the volunteer Board on the components of the Community Association’s governing documents. In the event of any legal issue, the Community Association Manager advises the volunteer Board to seek a written legal opinion from their Attorney (supervised by Board and attorney);
- Advise the volunteer Board on good business decisions (supervised by Board);
- Prepare and maintain “Colorado Common Interest Ownership” (CCIOA) policies as required by law (unsupervised);
- Promptly prepare closing documents for the sales of homes within the Community Association (unsupervised);
- Maintain 24/7 emergency response protocol and communications for emergency situations (unsupervised);

- Provide communication options for all owners and residents within the Community Association. (office access, phone, mail, email, fax, website) (unsupervised);
- Prepare and produce newsletters for the Community Association on a monthly to quarterly basis (supervised by the Board);
- Respond to calls and concerns by owners and residents. Document activity (unsupervised);
- Inspect the community property and common elements for violation of the Community Association Community Standards. Follow through with notices to owners and follow up inspections, hearings (if the violation continues) and closing of the violation (unsupervised);
- Maintain business records for the Community Association. Prepare a records retainage policy and adhere to that policy (unsupervised);
- Administer design review committee applications. Meet with applicants, visit the site, and manage the application from start to finish (unsupervised); and
- Administer keys and access information for pools, clubhouses and other Community Association-owned common areas. Administer clubhouse calendars (unsupervised).

Physical

- Inspect common elements and property of the Community Association on a routine basis for maintenance issues, rules violations and design review issues (unsupervised);
- Write specifications for bidding work and maintenance jobs (painting, asphalt repair, roof replacement, siding repairs, sidewalk replacements, pond, pools and spas) (unsupervised);
- Send and receive bids from contractors for projects that the volunteer Board is considering (unsupervised);
- Prepare an analysis of the bids for Board consideration (supervised by Board) ;
- Contract with the Board approved contractor for the project (supervised by Board) ;
- Monitor the job and check progress and the finished job (unsupervised);
- Maintain all required insurance coverages necessary for contractors working in managed Community Associations (unsupervised); and
- Maintain supplies for Community Association equipment (unsupervised).

6. Describe the client group(s) with which this occupational group deals.

The occupational group manages Community Associations that can comprise of a number of different types of residential and mixed use Associations such as:

- **Planned Unit Developments (Single family Community Associations)**
- **Condominium Associations**
- **Townhome Associations**
- **Patio Home Associations**
- **Loft Associations**
- **Master Associations**
- **Multi-use and mixed-use Associations (a combination of residential and commercial units)**

7. Describe and provide examples of typical work settings of this group.

This occupational group generally operates out of one of the following settings:

- **Office space**
- **Club house**
- **A home located within the Community Association**

8. Does the applicant propose licensure, certification, registration, or another type of regulation? Why? (Under licensure, it is illegal for anyone to engage in an occupation without a license, and only persons who possess certain qualifications are licensed. Certification protects specific occupational titles of persons who have met certain educational and experiential standards. Only persons certified in that occupation may use the protected title, although anyone may practice the occupation. Under registration, any person may engage in an occupation, but he or she is required to submit information concerning the location, nature, and operation of the practice.)

It is in the best interest of the citizens of this state, of Common Interest Communities located in this state and the individuals who reside and/or own property in them, to provide for the licensure of Managers of Common Interest Communities to insure that persons who hold themselves out as possessing professional qualifications as Managers of Common Interest Communities, also commonly known as Community Associations, are, in fact, qualified to render management services of a professional nature. Licensure will ensure such individuals provide for the maintenance of high standards of professional conduct by those licensed as Managers of Common Interest Communities.



We seek licensure of Community Managers because:

- **The Volunteer Boards who govern Community Associations have significant fiduciary responsibilities. They govern the Association and are stewards of the physical assets of the Community which is an essential function in preserving and enhancing property values. They are responsible for protecting the value of an individual's most costly personal investment – their home. Volunteer Boards routinely rely upon the professional guidance and assistance of their Community Association Managers in carrying out these essential functions. Without licensure; there are no assurances that the Community Managers have the specialized knowledge necessary to provide this assistance and advice to the Boards and communities they serve. In addition, without licensure, there is no mandatory system of checks and balances and no standards with which a Community Association Manager is required to comply.**
- **Sadly, many national and Colorado-specific instances exist in which either volunteer Board's of Directors or Community Association Managers have embezzled large amounts of money in which they were the designated fiduciary.**
- **Licensure will not stop embezzlement per se; however, with licensure comes standards of operation and penalties for violating those standards. However, if an individual applying for licensure as a Community Manager has a criminal history of embezzlement, we believe that individual should be prohibited through the licensure scheme from entering the profession in Colorado.**
- **This occupational group can currently obtain industry certifications through the Community Associations Institute (CAI); however, those certifications are not mandatory.**
- **In the State of Colorado, this occupational group is not required to be registered, licensed or certified. Anyone can operate as a Community Association Manager without any qualifications.**
- **This occupational group is hired by volunteer Boards of Directors who are not required to have any prior knowledge of the industry, any experience, any education or any business knowledge.**
- **Licensing of Community Association Managers would provide additional consumer protection to homeowners who live in a community association and would elevate the level of professionalism of association management.**

We seek licensure in the following manner:

- **It is in the best interest of such citizens, Common Interest Communities located in this state and the individuals who reside in them, to limit and**



restrict the issuance of the Certified Manager of Community Association credential (which will be identified as the required “license” in Colorado) by the National Board of Certification for Community Association Managers (NBC-CAM), under the auspices of the Colorado Department of Regulatory Agencies, Division of Real Estate, to Common Interest Community Managers who through passage of an examination created by NBC-CAM which measures the core competencies of community association management are identified as possessing the necessary knowledge in, but not limited to, the following subjects: governance matters, legal matters, budgets, reserves, investments, assessments, risk management and insurance, maintenance, contracting, meetings management and human resource management. These subjects directly relate to the management and operation of Common Interest Communities.

- The NBC-CAM has developed a proven credentialing program for Common Interest Community Managers that complies with standards established by the National Commission for Certifying Agencies (NCCA). The program was developed to assure quality professional common interest community management.
- The purpose of NCCA accreditation is to provide the means to identify certification programs that serve the public’s and other stakeholders’ competency assurance needs.
- The CMCA examination will be comprised of two parts. Part A of the examination will measure the core competencies of practicing Community Association Management and Part B will measure knowledge of essential and applicable provisions of Colorado law.
- It is in the best interest of the citizens of this state, Common Interest Communities located in the state and the individuals who reside in them, that all Common Interest Community Managers obtain and hold in good standing the Certified Manager of Community Associations (CMCA) certification as developed by the NBC-CAM as a prerequisite to being authorized to manage common interest communities in the State of Colorado. This CMCA certification will serve as the foundation of the recommended license in Colorado.

We further acknowledge that this approach recognizes that state budget issues can present a significant hurdle to enacting licensure. This request for licensure balances the needs to protect consumers, raise standards of professionalism while not to overly burdening the businesses engaged in assisting in the management of Colorado Common Interest Communities.



9. What would be the impact of the proposed regulation on the supply of practitioners in the occupation, including the degree to which existing practitioners would be precluded from practice?

Implementation of Manager licensing should not impact the number of Association Managers within the industry. The proposal for licensure calls for new Managers entering this industry to have obtained their Certified Manager of Community Associations (CMCA) certificate or equivalent and to have successfully completed the appropriate classes which cover the applicable Colorado laws prior to earning the title of Community Association Manager.

Managers of Common Interest Communities in the state of Colorado holding the NBC-CAM Board's CMCA certification or the Community Associations Institute's (CAI) Professional Manager of Community Associations (PCAM) or Association Management Specialist (AMS) designations at the time this proposal becomes effective, shall not be required to satisfy the pre-certification educational requirement (except for the requirement to take an educational course on Colorado law relating to Common Interest Communities) or sit for an examination. Managers holding, in good standing, the PCAM or AMS designation from Community Associations Institute as of this proposal's effective date shall be deemed to have met the certification requirements presented in this proposal. However, all managers holding one or more certifications or designations set forth in this provision, shall be required to comply with all other applicable requirements of this proposal prior to being grandfathered in as a credentialed manager of common interest communities in the state of Colorado.

In order to protect the health, safety and welfare of the individuals who live in Common Interest Communities and the physical and financial assets of those communities, it is in the best interest of the citizens of this state to ensure that credentialed managers of Common Interest Communities shall not have been convicted of or pled guilty to a felony or other similar offense or offenses within the last 10 years related to issues of honesty, breach of fiduciary duty, financial matters or other issues involving the moral turpitude prior to applying for the Certified Manager of Community Associations certification. The candidate must not have had a license or certification in another state which regulates Community Association Managers revoked or suspended within the last 10 years. Under all of these circumstances, the Manager will not be eligible to hold or maintain the credential and shall not manage Common Interest Communities in this state.

An additional limitation that may prevent individuals from obtaining their license would be the failure to clear the required criminal background check. There is also a strong belief that any person convicted of being a sex offender, regardless of the 10 year time frame, should not be permitted to obtain the license since the core functions of the position make it impossible to insulate a manager from coming into contact with individuals who may be at risk. It is estimated that this prohibition would impact a very small percentage of managers, if any.

10. To what degree would the proposed regulation either directly or indirectly affect the cost of goods or services provided by the occupational group? Specify those costs as they exist now and as they would change after the imposition of regulation.

Presently, management companies or Community Managers individually pay for the initial and continuing education classes to obtain and/or maintain their CMCA certification. This would not change as it has not been suggested nor it is recommended that continuing education requirements change. The implementation of manager licensing would increase educational costs to the Manager or the management company for Colorado legal classes and the cost of the license. However, these are not cost prohibitive and can be completed within a reasonable amount of time.

It is anticipated that guidance provided to volunteer Boards and homeowners would be enhanced given that a licensed manager would have a consistent comprehensive body of knowledge with which to enact their professional responsibilities. It is expected that fiduciary accuracy, administrative efficiencies and complaint reductions would be positively impacted. We believe this would lead to an increase in well-managed Community Associations and better served and informed consumers/homeowners.

It is difficult to determine if the cost of services would increase with the passage of manager licensing. It is projected that some management companies would absorb the additional cost of education and licensing and others would increase the cost of services based on a higher level of knowledge and services provided to community associations.

11. What is the applicant seeking to gain through regulation of the occupational group?

A person's home is typically their largest personal investment. Those in positions of management and trust of these assets should be held to a uniform level of accountability, education and service to deliver the



expectations denoted in a Common Interest Community's governing documents.

The primary goal of manager licensure is to insure that persons who hold themselves out as possessing "professional" qualifications as Managers of Common Interest Community Associations are, in fact, qualified to render management services of a professional nature. It is critically important for Community Association Managers to demonstrate proficiency in reading and understanding annual budgets, reserve studies, management reports, legal opinions and other policy documents that affect Community Association operations, master plans and any other significant documents of the Community Association.

12. Indicate how the public would be protected by regulation of this occupational group?

Within the proposal for licensure, parameters will be established for enforcement procedures should a complaint be validated against a manager. Penalties up to and including fines, suspension or loss of the license, could be handed down by a hearing panel comprised of industry peers (or by means of an appointed Board or Commission).

No statutes pertaining to Common Interest Communities, including the Colorado Common Interest Ownership Act (CCIOA CRS 38.33.3), SB05-100, SB06-89, etc., currently provide for any type of enforcement mechanisms. In addition, no legislation or statutes currently regulate the management of Common Interest Communities in Colorado. As a result, any complaints levied against Community Managers may only be addressed in the following ways:

- a) complaints may be forwarded to management company leadership, which may or may not take action;**
- b) legal action may be brought against the Community Manager by the Community Association or a homeowner. If the infraction is not deemed serious enough and the associated costs are high, often no action is taken;**
- c) ignore steps a or b, and the Community Association will change management companies; or**
- e) no action is taken.**

Volunteer Board members or homeowners also have the option of filing a complaint with the National Board of Commissioners of Community Association Management (NBC-CAM). The down side of this option is that the majority of volunteer Boards and certainly even a larger percentage of homeowners are not aware of this option. Complaints are filed at a national level rather than with the State. Furthermore, currently this option may only



be utilized in complaints against Community Managers who voluntarily hold the CMCA credential.

With the enactment of the proposal of licensure, for the first time, definable steps are included so that action can be taken against any Community Manager for infractions that may put an Association at risk.

13. Within the usual practice of this occupation, document the physical, emotional or financial harm to clients resulting from failure to provide appropriate service, or erroneous or incompetent service. Give specific, verifiable examples.

PLEASE SEE ATTACHED APPENDIX FOR INITIAL BACKGROUND DOCUMENTATION PERTAINING TO THE FOLLOWING EXAMPLES

Mismanagement/Bad Practices:

- A. Manager worked with the Board on a contract to replace roofs at a condominium community with approximately 175 homes. Contract for approximately \$750,000 was signed by the manager. At no time was the financial condition of the association reviewed to ensure that the Association was adequately funded so payment for the work could be made, which they were not. Manager was ignoring situation while work continued until lawsuit was threatened. Due to the lack of adequate financial review on the part of the manager, it put the Association at financial risk and also threatened the viability of a company who was not being paid for the work done.
- B. Management Company steered an association, and their attorney, down an overly aggressive path for foreclosure against a property regarding late fees associated with a trashcan violation, despite the fact that the owner was paying the monthly dues. The property eventually sold in foreclosure, the owner lost the tenants that were in the property, and the case settled. The entire situation could have been avoided had the manager directed the attorney to communicate with the owner.
- C. Charging fees against an owner's account which are excessive for transferring files for collection to an attorney. This places a larger financial burden on the owner in addition to the past due account.
- D. Assessing fees in an association not built out against unoccupied units. Management charged their regular fee based on the number of homes in the Community, which is standard practice. When it was discovered that an entire building that was bank owned was part of the Community, management demanded that the association pay for increased fees based on the number of home in the unoccupied building.



- E. Management Company advocates their associations pursue foreclosures for every single delinquency regardless of the amount.**

Failure to Perform:

- A. Management Company did not conduct background checks and hired someone who had been in jail for embezzlement.**
- B. Manager did not secure a background check when retaining a controller and the controller for the association had a record of embezzlement.**
- C. Board fires the current manager. A resident then forms a management company and takes on the responsibility of management. The manager fails to follow the corporate formalities and for example uses association funds to provide meals for the Board at nearly every meeting in a restaurant. Owners eventually stand up to the actions of the manager and the Board hires a different manager. The association is currently in litigation with the former manager regarding payment of fees and monies owed, the manager believes he is owed money and the association is claiming they are owed a substantial sum of money.**
- D. Management Company failed to do much of anything while the developer was in control of the Community. Board meetings were not held. Reserves were not created. Management Company is fired and transitions very few documents. The developer who was in control of the association, allegedly mismanaged funds and left the association with little resources and left the state. The association wrote off the monies taken, as the cost of collection was too great and the chance of collection small.**

Missing Funds:

- A. Portico: The board gave the onsite manager a debit card and she spent \$308,000 (mostly at Black Hawk).**
- B. Vista Management: The management company accountant stole \$720,000 over a three year period from various associations.**
- C. A Vail Management Company was infiltrated by the Russian Mafia and significant dollars were stolen. Three associations, insured by Travelers, lost about \$100,000 each. Three other associations, insured by Farmers, suffered the same fate. Of these six associations, only two had insurance coverage, through Travelers, for computer fraud and wire transfers. The remaining four uncovered in these two areas.**

Accounting Failures:

The following are examples of practices experienced in Common Interest Communities with non-credentialed Managers:

- A. Checking or savings accounts with only one signature necessary to open, close, transfer, freeze or empty an association checking or savings account with board member signature authority.
 - B. Checking or savings accounts with only one signature necessary to open, close, transfer, freeze or empty an association checking or savings account with an HOA Manager with signature authority.
 - C. Accounts payable with no supporting documentation (invoices, contracts, etc) explaining what the expenditure was for. Payees that are not traceable
 - D. Invoices that do not match the disbursement amount
 - E. Unrecorded and undocumented expenses (expenses not shown on the financial statement but reflected in the bank statement)
 - F. Unreconciled financial statements. Financial statements that do not include the bank statement
 - G. Accounts receivable ledgers (owner payment ledgers) with undocumented miscellaneous charges or unsubstantiated charges.
 - H. Accounts receivable ledgers (owner payment ledgers) with late charges not supported by a delinquency policy or inconsistent with that policy
 - I. In the case where an association purchases preprinted checks, missing groups of undocumented checks.
 - J. Payment from reserves for operating costs
 - K. Unreconciled petty cash funds
14. Do clients have access to this occupational group directly, or are they referred by members of another occupational group.

Yes. Community Association Managers and their staff have direct contact with property owners. Sometimes a "help" center (managed by the Community Association Manager) is available to assist property owners with questions and concerns. Contact is typically made by phone, e-mail, regular mail or by appointment at the management office. It is common that 24/7 assistance is available for emergencies. Due to the nature of many of the calls, Community Managers are responding to property owners for repairs, regarding communications and possible emergencies. It is important that property owners have access to their Community Association Manager or assistant and that responses are given in a timely manner.

Contact can also be made by third parties or other occupational groups such as landscapers, plumbers, painters, etc. Frequently, vendors are on-site providing contracted services to property owners. Often, this involves



informal or formal communication regarding the contracted work or information regarding a property owner. The Community Association Manger will frequently be involved in these interactions.

15. Does the current lack of regulation of this group make its practitioners ineligible for third party insurance payments or federal grants?

No.

16. Describe the minimum competencies necessary to enter this occupation.

At the present time, anyone showing an interest in Community Association Management can hold themselves out as a Manager. There are no current entry level education requirements or background checks and someone with absolutely no knowledge of association management can “hang their shingle” and call themselves a Manager in Colorado.

This proposal for licensure would raise the bar on the profession and in turn protect Community Associations, property owners, residents and volunteer Boards by requiring a person interested in becoming a manager to obtain licensure.

Proposed minimum competencies would be:

- Must be at least 18 years old;**
- Hold at least a High School diploma;**
- Shall not have been convicted of a felony within the past 10 years;**
- Shall have demonstrated knowledge of the fundamentals of Common Interest Community (CIC) management as evidenced by passage of the CMCA exam;**
- Shall have demonstrated knowledge of the laws of Colorado that govern CIC's specifically: CCIOA and the Nonprofit Act as evidenced by passage of an exam;**
- Shall agree in writing to abide by a standard of professional conduct; and**
- Shall not have failed to cooperate with any law enforcement or regulatory agency in any investigation of any law enforcement or regulatory investigation.**

Initial Licensure Application

- Existing managers would have twelve months to fully comply with the provisions of the Act; and
- Managers holding the CMCA or PCAM certification when the Act becomes effective would not be required to re-certify but would be required to follow all other requirements within a twelve month period.

Length of Licensure Term: Two years

17. List institutions, program titles and contact information for such programs offering accredited and nonaccredited programs in Colorado to prepare practitioners for entry into this occupation. What is the cost of completing these programs? If programs are not available in Colorado, what is the cost of out-of-state programs? If no formal training or education is required, how does the practitioner learn the occupation?

Community Associations Institute (CAI) offers education programs around the world for the practice of Community Association Management.

Community Associations Institute (CAI)

www.caionline.org OR (888) 224-4321

OVERVIEW

The Professional Management Development Program (PMDP) consists of three levels of courses designed to give new managers a knowledge base and experienced managers a deeper understanding of all aspects of association management. Courses focus on such topics as insurance, finance, leadership, governance, communications and maintenance.

The skills and contacts made in this program can help maintain a competitive edge and increase earning potential. Earning professional designations in community management starts with the PMDP—and can result in higher salaries, respect from clients, and a bright future in a growing field.

Associations are looking for qualified, knowledgeable professionals to advise and manage their communities.

CORE PROGRAM— The Core PMDP Program includes seven courses with a total of 88 hours of learning plus a two-day case study. Following is a listing of each course. Course summary content is listed below.



1. **M-100: The Essentials of Community Association Management (online and classroom)**
(16 hours)
Classroom in Colorado: December 1-3, 2011, March 8-10, 2012, June 21-23, 2012 and December 6-8, 2012.
2. **M-201: Facilities Management (online and classroom)**
(10 hours)
3. **M-202: Association Communications**
(10 hours)
Classroom in Colorado: October 20-21, 2011
4. **M-203: Community Leadership**
(10 hours)
Classroom in Colorado: August 16-17, 2012
5. **M-204: Community Governance**
(14 hours)
Classroom in Colorado: May 31-June, 2012
6. **M-205: Risk Management (online and classroom)**
(14 hours)
Classroom in Colorado: February 9-10, 2012
7. **M-206: Financial Management (online and classroom)**
(14 hours)
Classroom in Colorado: October 18-19, 2012

PCAM Case Study

Classroom in Colorado: October 13-14, 2011 and September 20-21, 2012.

CORE PROGRAM COURSE DESCRIPTIONS

1. **M-100: The Essentials of Community Association Management - Seminar**
(16 hours)
This course is a comprehensive community association management course that provides a practical overview for new managers, an essential review for veteran managers, and an advanced course for board members. It's available as a 2 1/2 day seminar, an online course,

or a home-study course.

The Essentials of Community Association Management covers:

- The legal documents and statutes that enable a community to operate;
- Roles and responsibilities of managers, owners, committees, and the board;
- Management ethics for professional community association managers;
- Steps for developing and enforcing community association rules;
- Manager's role in organizing, assisting, and conducting board meetings;
- Manager's role in preparing the budget and funding reserves;
- Effective assessment collections policies and procedures;
- Remedies available for collecting delinquent payments from owners;
- Overview of financial statements, reporting methods, and operations;
- Characteristics of an effective risk management and insurance program;
- Methods for implementing and evaluating a maintenance program;
- Criteria for deciding whether to use association staff or contract work out;
- How to prepare a bid request or RFP and key contract provisions;
- Recruiting, screening, selecting, and managing personnel; and
- Basic areas of employment addressed by federal, state, and local law.

**2. M-201: Facilities Management
(10 hours)**

This course will teach how to more effectively preserve and enhance your association's property. Hear proven strategies on maintaining an association's physical assets and learn how to contract for specific needs. Gain tips for disaster and evacuation planning - knowledge that is essential for a well-prepared manager.

Facilities Management provides a hands-on approach to help analyze, evaluate, communicate, and plan for property maintenance. Benefits of this knowledge will provide an increased understanding of the various types of maintenance - routine, previous, emergency, corrective, and scheduled. An association will save valuable time and money when there is focus on each of these specific forms of maintenance and take the necessary actions required. This course covers:

- Inspect physical assets;

- Evaluate existing maintenance programs and management controls;
- Analyze a maintenance contract for weaknesses;
- Oversee maintenance of common areas using checklists and reports;
- Make maintenance requests and recommendations to the board;
- Identify the basic elements for a disaster plan;
- Prepare a request for proposal, including bid specifications;
- Review bid proposals;
- Monitor fulfillment of a contract; and
- Interpret and invoke contract warranties as necessary.

**3. M-202: Association Communications
(10 hours)**

One of the most essential skills in community association management is communications. Whether through written materials, daily interaction with residents, or dealing with board members, effective communication can greatly affect the outcome of your efforts. *Association Communications* will give guidance on top-notch communication techniques. This course can benefit new and experienced managers by providing the skills necessary to better understand owners and volunteers. Using community's letters and reports, there is opportunity to demonstrate new communication skills in the classroom, know how to better serve the needs of your community. This course covers:

- Implement proven association strategies;
- Teach staff the basics of good customer service;
- Identify owners' needs and respond effectively and quickly;
- Respond to complaints and handle angry owners;
- Manage public relations crises;
- Prepare effective annual meeting notices, management reports, and rule violation letters; and
- Write a readable, informative newsletter.

Interactive exercises include: role playing to respond to upset owners; group problem solving to deal with public relations crises; and in-class feedback on annual meeting notices, management reports, and newsletters.

**4. M-203: Community Leadership
(10 hours)**

Community Leadership is one of the building blocks of successful community association management. This course will teach how to work with board leaders, achieve management goals, and set a more positive tone for the whole community.

By preparing and organizing the board to do its job, a manager's job will be better prepared. Become better prepared to assist volunteer leaders and create an organized community operation. Practice techniques to run efficient, legal, business-like meetings and elections. Take this course to understand how to gain cooperation from board leaders and volunteers.

This course addresses:

- **Cut costs but not services;**
- **Make meetings shorter, more focused;**
- **Get more cooperation from volunteers;**
- **Take the stress out of meetings, elections, record keeping, and more;**
- **Motivate board and committee members to do their jobs;**
- **Help your board create, recruit, and motivate winning committees;**
- **Develop election procedures everyone will follow;**
- **Outline solutions for typical problem situations at meetings;**
- **Use an action-item list for management control;**
- **Lay out your community association's calendar of significant dates; and**
- **Organize records for retention purpose.**

**5. M-204: Community Governance
(12 hours)**

***Community Governance* begins where *The Essentials of Community Association Management (M-100)* left off. It helps master one of the most important aspects of successful association management - governance. In this course on the legal basis of community rules, policies, and procedures, a better grasp will be gained on board and management responsibilities. Learn how to steer clear of problems and give the board and owners the support and advice they need. Using community documents, learn how to spot potential problems, how to revise policies and procedures to comply with current laws, and how to recommend management practices. This course provides an understanding of a community association as a legal entity and clarifies the corporate, contractual, and ethical basis for a manager's role in community governance.**

This course will teach:

- **When to use an attorney;**
- **What the governing documents require;**
- **When a document amendment may be necessary;**

- Statutes and case law that affect community management;
- How to distinguish the corporate roles of community association boards, committees, and managers;
- How the management contract affects and protects the manager and the association;
- How to tell when you're legally acting as an agent;
- Which situations could lead to conflict of interest or unethical decisions;
- How to avoid common problems when developing and enforcing rules;
- How to revise existing rules and develop new ones; and
- How to enforce architectural rules.

6. Risk Management (12 hours)

Skills and knowledge in the area of risk management can make a significant difference on how a community fares when there is an insurance claim. With property coverage as the primary example, participants will see how to identify an association's current risk management situation and how to respond to those issues needing immediate attention.

This course will instruct how to:

- Research and assess an association's exposure to loss;
- Conduct an inventory of an association's current risk management situation;
- Identify an association's possible loss exposures;
- Recognize and respond to loss exposures that require immediate attention;
- Review alternative risk management techniques;
- Help your board select the right risk management techniques for your community;
- Develop an insurance request for proposal;
- Manage the insurance claims process; and
- Monitor and improve an association's risk management program.

7. M-206: Financial Management (12 hours)

Financial Management teaches managers how to analyze, manage, and develop an association budget. Understanding and applying the principles of financial management to community associations can make all the difference to a community association. Developing and adhering to a budget is a vital aspect of a manager's job. This two-day course will better prepare a manager to address, analyze, and report on association finances. See how the budget development process works,



from the identification of items and their importance through budget approval.

This course will instruct how to:

- Develop budget line items using zero-base budgeting and historical trend budgeting;
- Transform budget development into a financial planning process;
- Reconcile budget revenues and expenses—balance the budget;
- Recognize and analyze an association's various financial reports and records;
- Present financial reports to the board of directors in a professional and logical manner;
- Use budgets and financial reports as management and decision making tools;
- Create a budget using historical trends;
- Identify the level of service for an association budget;
- Understand replacement reserves and basic investment principles; and
- Assess the benefits of accrual and fund accounting for community associations.

PCAM Case Study

The Case Study is a comprehensive examination of an actual community association, combining classroom instruction with an extensive on-site inspection. Explore a community's profile in depth and meet with the community's manager, board of directors, and other key personnel.

A final narrative Case Study paper, covering the skills acquired in the PMDP courses, is due within 30 days of completing the Case Study.

Successful completion of the Case Study is the final step toward professional recognition as a PCAM designee.

ADVANCED/ SPECIALTY COURSE-WORK - These eight courses are advanced level coursework for the experienced community manager or community specializing their practice in a specific area of community association management. Each course consists of 14 hours of learning.

1. M-310: Management Company Administration (14 hours)

This course provides executive-level managers and CEOs with an opportunity to learn from their peers and improve efficiency and effectiveness. Learn how to market services, manage and train staff, and develop additional sources of income. This course will



explain the fundamentals of organizational theory that will help in setting up a management office and management systems.

**2. M-320: High-Rise Maintenance and Management
(14 hours)**

This course provides an in-depth analysis of the physical elements of a high-rise building. This course is designed for community managers wanting to have a 'hands-on' walk-through of a central plant, roof, and recreational amenities. Construction and operation details of a high-rise building are covered in this advanced level program. The class will visit a high-rise building, see major systems in operation, and will discuss maintenance operations and procedures with building staff.

**3. M-330: Advanced Insurance and Risk Management
(14 hours)**

This course, a follow-up to *Risk Management (M-205)*, is an in-depth examination of insurance and risk management issues. This course will allow for opportunities to evaluate properties, review inspection reports used by insurance companies, and study insurance policy details. Discover the importance of a variety of insurance coverages including workers' compensation, fidelity bonds/crime coverage, professional liability for managers, directors and officers coverage, and equipment and property coverage.

**4. M-340: Managing the Large-Scale Association
(14 hours)**

This on-site course examines the special needs of large-scale associations and gives you tips on how to meet these needs. Explore the relationships between large-scale associations and municipalities and between master associations and sub-associations. Learn to recognize open, commercial, and residential types of property. For this course, a large-scale association is defined as one that has more than 750 lots or units and an annual budget in excess of \$1 million

**5. M-350: Manager and the Law
(14 hours)**

Classroom in Colorado: May 17-18, 2012

This course is a follow-up to *Community Governance (M-204)*. Gain the opportunity to review cases pertinent to community associations, understand how the legal system works and review the anatomy of a case step by step. Learn about how the law affects managers and their day-to-day operations. Discover



realistic ways to deal with the challenges these laws and regulations create on the job.

**6. M-360: Leadership Practices in Building Community
(14 hours)**

Learn how to create a more cooperative, smoother running community in this course based on the most popular conference presentation in CAI's history. An experienced PMDP faculty member will teach you how to help your association become a more 'people-oriented' community. You'll gain the skills and techniques to use the latest management strategies as you learn to shift your focus from function to service. Discover how to give your homeowners more than they expect and look forward to better relations within the community as well as increased job satisfaction and career growth.

**7. M-370: Managing Developing Communities
(14 hours)**

Equip yourself with the necessary tools for managing a community undergoing transition. This course explores the various issues and challenges associated with managing developing communities.

This course will instruct on how to:

- discuss the initial stage for designing and creating successful communities;
- learn how to develop initial budgets and manage finances through transition;
- review the transition process after transfer of control to the owners;
- examine the importance of education, operational turnover, risk management; and
- discuss the challenges associated with transition and association and developer expectations.

**8. M-400: Contemporary Issues in Community Association Management
(14 hours)**

This course covers current issues that impact professional managers and the communities they manage. Topics vary and cover issues such as fair housing policy and practices, advanced company management, employment trends and effective recruitment strategies, or managing green communities. The course is offered in conjunction with CAI's national conferences



and will be an invaluable addition to your professional development.

INDUSTRY NOTE: In other states that have regulated managers, a cottage industry of education providers has arisen which helps to lower costs and provides diverse educational opportunities.

18. Is there an examination currently used to measure qualifications for entry? If so, who constructs and administers the examination? Please submit documentation on the validity and reliability of such exams.

The Certified Manager of Community Associations (CMCA) examination is recognized worldwide as an effective assessment of practical understanding of the body of knowledge required for an early career community association manager. The CMCA examination is administered by the National Board of Certification for Community Association Managers (www.nbccam.org) in cooperation with a third party testing agency.

The CMCA examination is an internationally developed standardized examination which has been validated by a recognized professional testing firm, approved by the NBC-CAM Board, and administered by an independent, recognized testing agency (HumRRO). It is a three-hour multiple choice exam consisting of 120 questions and is offered in paper and pencil format via computer based testing at over 1,000 test sites.

NBC-CAM adheres to a process of test development that helps to demonstrate that an examination is "content valid." Content validity is a critical characteristic that helps to assure the effectiveness of a test, as well as its legal defensibility. It is a process that helps assure that a test measures what it is supposed to measure and excludes material that is irrelevant or trivial. The contents of the examination are based on a study of related job requirements that is updated regularly. The current occupational analysis study identified 114 relevant tasks organized into eight categories: Association Administration, Community Governance, Financial Management, Risk Management and Insurance, Facilities management, Human Resource Management, and Communications Management. It also identified 72 knowledges that are required for successful performance of the tasks. In addition to the 100 scored test items, each CMCA Examination includes 20 items that are included on an experimental basis. These "pilot test" items are new or substantially revised items that we want to test before incorporating them on new versions of the



test as operational (i.e., scored) items. The examination uses the Angoff method for scoring and rating content validity. The CMCA examination is approved by the National Commission for Certifying Agencies (NCCA) – www.ncca.org

As noted above, we propose that the CMCA examination and associated CMCA credential be utilized as the required “license” in Colorado.

19. Is this occupational group affiliated with an association which sets and enforces standards? If so, please explain the process and standards.

Yes. The CMCA (Certified Manager of Community Associations) program is the only national certification program designed exclusively for condominium, cooperative and community association managers. The CMCA recognizes professionals who have demonstrated the fundamental knowledge needed to manage community associations.

However, there is no mandate for the CMCA to be the requirement for becoming a practitioner in the industry in Colorado. There are professional management firms that require this minimum standard in Colorado in order to work within that firm.

Once an individual passes the CMCA examination, they may earn their CMCA certification by attesting to adhere to CMCA Standards of Professional and Ethical Standards.



The National Board of Certification for Community Association Managers (NBC-CAM) develops and enforces the CMCA Standards of Professional Conduct.

CMCA Standards of Professional Conduct: A Certified Manager of Community Associations (CMCA®) shall:

Be knowledgeable, act, and encourage clients to act in accordance with any and all federal, state, and local laws applicable to community association management and operations.

Be knowledgeable, comply and encourage clients to comply with the applicable governing documents, policies and procedures of the Client Association(s) to the extent permitted by that Client.

Not knowingly misrepresent material facts, make inaccurate statements or act in any fraudulent manner while representing Client Association(s) or acting as a CMCA.

Not provide legal advice to Client Association(s) or any of its members, or otherwise engage in the unlicensed practice of law.

Promptly disclose to Client Association(s) any actual or potential conflicts of interest that may involve the manager.

Refuse to accept any form of gratuity or other remuneration from individuals or companies that could be viewed as an improper inducement to influence the manager.

Participate in continuing professional education and satisfy all requirements to maintain the CMCA.

*Act in a manner consistent with his/her fiduciary duty.
Conduct themselves in a professional manner at all times when acting in the scope of their employment in accordance with the terms and conditions of their contractual agreement and in accordance with local, state and federal laws.*

Recognize the original records, files and books held by the manager are the property of the Client Associations to be returned to the Client at the end of the manager's engagement and maintain the duty of confidentiality to all current and former clients.

A violation of any of these Standards of Professional Conduct may be grounds for administrative action and possible revocation of the CMCA certification by the National Board of Certification for Community Association Managers.

Enforcement of the Standards of Professional Conduct

In order to maintain and enhance the credibility of the NBC-CAM certification program, the Board has adopted procedures to allow consumers and others to



bring complaints concerning a CMCA to the Board. In the event of a violation of the Standards of Professional Conduct, or of other substantive requirements of the certification process by a Certificant, the Board may impose sanctions against the Certificant. The grounds for sanctions under these procedures are as follows:

1. Conviction of a felony or other crime of moral turpitude under federal or state law in a manner related to the practice of, or qualifications for, professional activity;
2. Gross negligence or willful misconduct in the performance of professional services, or other unethical or unprofessional conduct based on demonstrable violations of the NBC-CAM Standards of Professional Conduct;
3. Fraud or misrepresentation in the application for or the maintenance of any professional membership, professional accreditation, or other professional recognition or credential; or
4. Loss of a state license required to practice community association management.

Additional information can be found at <http://www.nbccam.org/program/standards.cfm>. Standards of Professional Conduct

20. What federal, Colorado state, county, or local laws currently apply to the practice of this occupational group? Please provide copies of the relevant statutes, ordinances and rules.

There is one primary state statute that regulates Community Associations in Colorado: the Colorado Common Interest Ownership Act (CCIOA), which is found in CRS 38-33.3, *et. seq.* In addition to CCIOA, managers of common interest communities must have a working knowledge of the Colorado Revised Nonprofit Corporation Act since the vast majority of common interest communities are non-profit corporations. In addition, there are also a broad variety of State laws that affect the operation of Associations: State Insurance, labor, land use, foreclosure, debt collection, and many other relevant municipal laws.



In addition to state laws, managers of common interest communities must have a working knowledge of federal law and regulations which include: the Americans with Disabilities Act, the Federal Fair Housing Amendments Act, the Telecommunications Act of 1996, the FCC's Over-the-Air Receptions Devices Rule, HUD regulations on Fair Housing and becoming certified for FHA-backed loans, among other laws and regulations.

Generally, a properly qualified community manager knows which laws apply to the Associations or knows when to refer a question to a qualified attorney. However, the challenge is that not all Community Managers are consistently and properly educated and trained. As a result, it's difficult for them to spot legal issues of significance.

As a helpful reference point, following is an outline of the general hierarchy of Common Interest Community (CIC) laws and governing documents:

- o Federal and State Laws—(Constitutions, Federal and State, and State and Federal statutes i.e., CCIOA)
- o Governing documents
 - The Declaration (Declaration of Covenants, Conditions and Restrictions or CCR's)
 - Map or plat of the Community
 - Articles of Incorporation
 - Bylaws
 - Rules and Regulations, Architectural Guidelines and Association Policies and Procedures

21. What type of private credentialing is or could be available as an alternative to government regulation?

The CMCA credential is available, however, so few managers have voluntarily sought this designation that it has not had a significant impact of protecting homeowners and their Community Association. More importantly, while a manager may have been stripped of these designations there is no mandate in Colorado to stop the manager from being employed in the State. Thus, a poor manager or one that has been stripped of credentials due to ethics violation, embezzlement or fraud or some egregious act can be employed in Colorado.

The Association of Professional Community Managers (APCM) provides the most comprehensive, expert education courses for community managers seeking to increase their skills, knowledge, and job opportunities and is offered only through CAI-National.



The Professional Management Development Program (PMDP) consists of three levels of courses designed to give new managers a knowledge base and experienced managers a deeper understanding of all aspects of association management. Courses focus on such topics as insurance, finance, leadership, governance, and communications.

Following the CMCA program noted above, the next credential is the AMS (Association Management Specialist). The manager must have two (2) years verified experience in financial, administrative, and facilities management of at least one association; successful completion of the M-100 course: The Essentials of Community Association Management (either classroom or home study/online format); successfully complete at least one M-200 series course (M-201 - M-206); successfully passed the CMCA exam administered by NBC-CAM; complete the application; pay the application fee; Member: \$150 (Individual Manager Membership) Nonmember: \$250; pay annual maintenance fees (due in August of each year); Member: \$75 (Individual Manager Membership) Nonmember: \$175; Re-designate every three years in August and meet continuing education requirements; Comply with the CAI Professional Code of Ethics.

The Professional Community Association Manager (PCAM) designation is the pinnacle of community association management. The PCAM designation is the highest professional recognition available nationwide to managers who specialize in community association management. Five years of direct community association management experience and successful completion of the PMDP M-100 and all six M-200 level programs (with the last PMDP course completed within the past five years); successfully passed the CMCA examination administered by NBC-CAM; Earn a minimum total of 125 points on the PCAM application, including: A minimum of 55 points in Section II, a maximum of 20 points is allowed for Professional Designations or Licenses; a maximum of 30 points is allowed for Formal Education; complete the PCAM application; complete the Case Study within one year. Submit the nonrefundable application fee with the PCAM application; Member: \$195 (Individual Manager Membership) Nonmember: \$295; pay annual maintenance fees (due in August of each year); Member: \$150 (Individual Manager Membership) Nonmember: \$250; Re-designate every three years in August and meet continuing education requirements; and comply with the CAI Professional Manager Code of Ethics.

22. If the occupational group has been deregulated (sunsetting) by the General Assembly, and the applicant is requesting re-regulation, the applicant should provide documentation on harm to consumers since deregulation that necessitates re-regulation by the state.

N/A



23. If the occupational group is a former applicant re-submitting a sunrise application, please include updated information that will substantiate the request for regulation.

N/A

24. Is mandatory continuing education part of the proposed regulation? If yes, you must complete an application for mandatory continuing education, which is available from the Office of Policy, Research and Regulatory Reform.

Yes it is. Please see attached form.

25. In how many other states is the occupation regulated? Please complete the following table. In addition to completing the table below, following is a helpful link to information on the states that currently have manager regulation:
<http://www.caionline.org/govt/managerlicensing/Pages/default.aspx>

State	Regulation		Comments
	Yes	No	
Alabama			
Alaska	X		
Arizona			
Arkansas			
California	X		
Colorado			
Connecticut	X		
Delaware			
Florida	X		
Georgia	X		
Hawaii			
Idaho			
Illinois	X		
Indiana			
Iowa			
Kansas			
Kentucky	X		
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan			
Minnesota			
Mississippi			
Missouri			
Montana			
Nebraska			
Nevada	X		
New Hampshire			
New Jersey			
New Mexico			
New York			
North Carolina			
North Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
South Carolina			
South Dakota			
Tennessee			
Texas			
Utah			

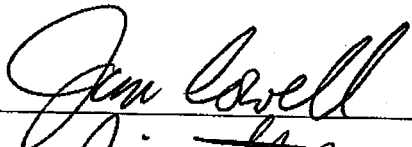
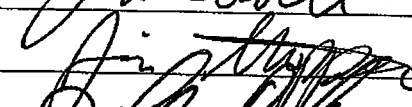
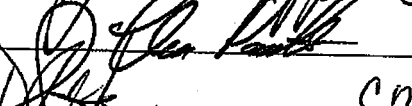
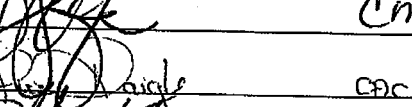
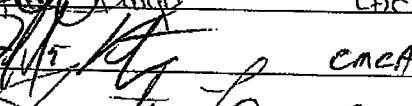
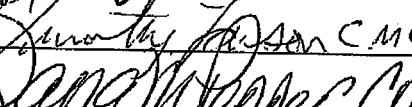
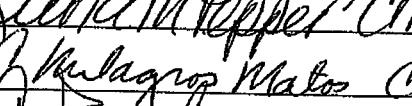
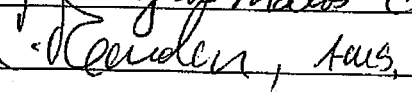




Vermont			
Virginia	X		
Washington			
West Virginia			
Wisconsin			
Wyoming			

The District of Columbia also has a version of manager regulation.

Note: Inquiries regarding sunrise applications may be made to the Department of Regulatory Agencies at (303) 894-2992.

Signatures in support of the regulation of _____

1.  CMCA PCAM
2.  CMCA PCAM
3.  PCAM
4.  CMCA, PCAM
5.  CMCA, AMS, PCAM
6.  CMCA, PCAM
7.  CMCA, PCAM
8.  CMCA, PCAM
9.  CMCA, PCAM
10.  CMCA, AMS, PCAM



Dora
Department of Regulatory Agencies

Executive Director's Office
Barbara J. Kelley
Executive Director

John W.
Hickenlooper
Governor

MANDATORY CONTINUING EDUCATION APPLICATION

Any group or association proposing a mandatory continuing education requirement for any occupation or profession the practice of which requires a State of Colorado license, certificate or registration must submit the information requested below to the Department of Regulatory Agencies' Office of Policy, Research and Regulatory Reform. Once the application is complete, the Department will issue a report that analyzes and evaluates the proposal within 45 days.

The application should be typed and dated. The burden of proving the need for mandatory continuing education is on the applicant. The more thoroughly the applicant can substantiate the need for mandatory continuing education, the easier it will be for the application to be reviewed. The application should be sent to:

Colorado Department of Regulatory Agencies
Office of Policy, Research and Regulatory Reform
1560 Broadway, Suite 1550
Denver, CO 80202

Please respond to the following questions in the order provided.

1. The name, address and telephone number of the group or association proposing mandatory continuing education.

Rocky Mountain Chapter of the Community Associations Institute (RMC-CAI)
333 South Allison Parkway, Suite 204
Lakewood, CO 80226
Scott Hall, Executive Director
303.951.4973
scott@hoa-colorado.org

Southern Colorado Chapter of the Community Associations Institute (CAI-SOCO)
P.O. Box 60628
Colorado Springs, Colorado 80960
Jan Mangum, Executive Director
105 East Moreno Avenue, 2nd Floor Colorado Springs, CO 80903

1560 Broadway, Suite 1550
Fax 303.894.7885

Denver, CO 80202
www.dora.state.co.us

Phone 303.894.7855
V/TDD 711



(719) 264-0301
Jan@caisoco.org
Legislative Division of (RMC-CAI)

Colorado Legislative Action Committee
333 South Allison Parkway, Suite 204
Lakewood, CO 80226
Molly Foley-Healy, Esq. Chairperson
Winzenburg Leff Purvis & Payne LLP
1660 Lincoln Street, Suite 1550
Denver, Co 80204
303.863.1870
Mfoley-healy@wlpplaw.com

2. The name, address, telephone number and organizational affiliation of the person(s) designated to represent the applicant.

Chris Pacetti, PCAM®
Executive Director
Ken-Caryl Ranch Master Association
7676 South Continental Divide Road
Littleton, CO 80127
(303) 979-1876 x 116
ChrisP@KCRANCH.ORG
Co-Chair, Colorado Legislative Action Committee (CLAC) Licensing Task Force
Community Associations Institute (CAI)

Dee Wolfe, CMCA® & PCAM®
Colorado Association Services, AAMC®
14142 Denver West Parkway, Suite 350
Lakewood, CO 80401
(303) 232-9200
dwolfe@associacolorado.com
Co-Chair, Colorado Legislative Action Committee (CLAC) Licensing Task Force
Rocky Mountain Chapter of the Community Associations Institute

3. For which professional or occupational group does the applicant seek to require mandatory continuing education? What is the name of the agency that regulates this profession or occupation?

The occupational group is known by several names:

- **Homeowner Association Managers**
- **Community Association Managers**
- **Association Business Managers**
- **Common Interest Community Association Managers**
- **Property Managers (in it's broadest terminology)**

4. Provide any information that shows that the knowledge base for the profession or occupation is changing.

The CMCA Examination content is the result of extensive and regular surveys of the survey and the specific knowledge, skills and abilities that the survey participants identified for the knowledge areas. The body of knowledge of a community association manager changes regularly with changes in the housing environment and changes in local laws. It is important for community association managers to remain up-to-date on current laws, trends and best practices to effectively serve their clients. (see attached document with the current body of knowledge).

5. Provide copies of any independent studies that show that mandatory continuing education is effective in assuring the competency of practitioners of this profession or occupation.

We have not found any independent studies; however, we gathered the following information through interviews with government officials in states with community association management licensure programs.

Virginia - There have been studies performed for Virginia regulatory boards; however the studies were not officially commissioned. It is the experience of the Common Interest Community Manager Board executive director, Trisha Henshaw, that an agency will not recommend the inclusion of continuing education because the impact on enforcement action.

Florida - Anthony Spivey, executive director for the Florida Council of Community Association Managers has experienced a correlation between continuing education and complaints. The more education required of managers, the less likely complaints will be filed against them. Tony feels the required continuing education for Florida Licensed Community Association Managers has helped them to be aware of the ever-changing Florida law. Currently, Florida is analyzing their complaints and will create specialized education based on the results.

Nevada - Nevada does require their managers to complete continuing education in specific knowledge areas, such as legal issues. Nevada has a commission that reviews and approves courses for continuing education.

Marilyn Brainard, Nevada Commissioner for the Common Interest Community Manager Commission, feels the NV legislation is often substantively changed, meaning the community association managers need to keep abreast of statute changes. This creates a system for practitioners to be knowledgeable of new laws.

Marilyn believes there is a correlation between continuing education and complaints - fewer complaints with adequate continuing education requirements.

6. Provide any assessment tools that show the effectiveness of mandatory continuing education

We have not found specific assessment tools that demonstrate the effectiveness of mandatory continuing education.

7. Provide information as to what types of sanctions should imposed upon members of the profession or occupation for noncompliance with the requirement of mandatory continuing education.

The first chart (Chart 1 – please see attached) illustrates noncompliance with mandatory continuing education in the community association management profession. The second chart (Chart 2 – please see attached) illustrates sanctions for noncompliance of mandatory continuing education requirements for a few professions in Colorado.

- **Chart 1: Attached is a chart displaying the sanctions for failing to complete continuing education requirements and the continuing education requirements for reinstatement. Each state, with the exception of Georgia, is hyperlinked to the appropriate regulations so you may see the full text, if necessary. Georgia is linked to the Real Estate Commission's Real Estate Continuing Education Requirements and not the appropriate regulation, because the statutes are listed on LexisNexis making it difficult to directly link to the statute. The language in the chart has been slightly paraphrased, so refer to the regulation and its section number to see the full text, including references to particular sections. Please note Illinois and Virginia are not included in this chart because the continuing education requirements are being determined. There are no continuing education requirements for Connecticut.**
 - **Chart 2: Attached is a chart of three professions regulated by the Department of Regulatory Agencies. For your reference, underneath the profession titles are the sanctions for failing to comply with continuing education requirements.**
8. Provide information on whether other states require this profession or occupation to complete mandatory continuing education. Please include the number of hours required in each state; the time period in which these hours must be completed; the subject areas in which credit is given; and whether courses or instructors are approved by the regulating entity.

If the requirement is for a real estate license, the required coursework is real estate transaction. If the license is for a community association manager, the required coursework is specific to community association management.

	Yes	No				Yes	No	Yes	No
New Jersey									
New York									
North Dakota									
Oklahoma									
Pennsylvania									
South Carolina									
Tennessee									
Utah									
Virginia									
West Virginia									
Wyoming									

Note: Inquiries regarding mandatory continuing education applications may be made to the Department of Regulatory Agencies at (303) 894-2992.

	Yes	No				Yes	No	Yes	No	
Alaska	X				Limited Associate Real Estate Broker License	X		X		www.dced.state.ak.us/oc/pub/RE/Credulations.pdf
Arkansas										
Colorado										
Delaware										
Georgia	X		4 hours as a pre-requisite of approved coursework and 24	4 years Which must include state law specific		X		X		www.orec.state.ga.us/orec/recam.html State mandated license

Chart 1: Below is a chart displaying the sanctions for failing to complete continuing education requirements and the continuing education requirements for reinstatement. Each state, with the exception of Georgia, is hyperlinked to the appropriate regulations so you may see the full text, if necessary. Georgia is linked to the Real Estate Commission's Real Estate Continuing Education Requirements and not the appropriate regulation, because the statutes are listed on LexisNexis making it difficult to directly link to the statute. The language in the chart has been slightly paraphrased, so refer to the regulation and its section number to see the full text, including references to particular sections. Please note Illinois and Virginia are not included in this chart because the continuing education requirements are being determined. There are no continuing education requirements for Connecticut.

	Alaska	District of Columbia	Florida	Georgia	Nevada
Sanctions for failing to abide by education requirements	08.88.095. If a licensee fails to complete the educational requirements within the one-year period, the license automatically lapses 30 days after the end of the one-year period. However, the commission may reinstate the license.	2605.7-8. An applicant for the renewal of a license who fails to submit proof of having completed the continuing education requirements by or before the expiration date may renew the license within 60 days after expiration by submitting proof pursuant to of this section and by paying the required late fee. Upon renewal, the Commission will deem the applicant to have possessed a valid license during the period between the expiration of the license and its renewal. If an applicant for the renewal of a license fails to submit proof of completion of continuing education requirements within 60 days after the expiration of the applicant's license, the license shall be deemed to have lapsed on the date of expiration, and the applicant shall be required to apply for reinstatement of the expired license.	61E14-4.001. No license shall be renewed unless the licensee has completed the required continuing education during the preceding licensing period.	43-40-8. Failure to complete any of the educational requirements as shall be grounds for denial of a license or denial of renewal of a license without further hearing. No fees or portion of fees paid shall be refunded if a licensee fails to meet the continuing education provisions.	116A.140. If the holder of a certificate fails to complete the required hours of continuing education or fails to file an application for the renewal of the certificate before it expires, the holder may not engage in the management of a common-interest community until the certificate is reinstated.

<p>Reinstatement</p>	<p>08.88.241-242. A person whose real estate license has lapsed less than 24 months is eligible for reinstatement of the license if the person provides the required application, license fees, proof of continuing education for licensing periods during which the license was inactive or lapsed, proof of completion of the educational, if applicable, and any fee required.</p> <p>A real estate licensee whose license has been lapsed for more than 24 months is not eligible for reinstatement of the license and is eligible for the license only by meeting the qualifications applicable to initial licensure.</p>	<p>2605.7. An applicant for renewal of an expired license or reinstatement of a suspended or revoked real estate broker's, real estate salesperson's, or property manager's license which was suspended or revoked, shall submit proof of having completed all continuing education credits that the applicant would have been required to take per licensing cycle if the applicant's license had not been revoked, suspended, or expired.</p>	<p>61E14-4.004. As a condition for reactivating an inactive or delinquent license, an inactive status licensee shall be required to satisfactorily complete ten classroom hours of continuing education instruction of 50 minutes each for each year or any portion of a year the license was inactive. Two hours shall consist of the legal update seminar for the year in which the licensee is reactivating. The remaining hours of reactivation continuing education may be in any of the areas described in Rule 61E14-4.001, F.A.C., as appropriate.</p> <p>Notwithstanding the above section, no inactive status licensee shall be required to satisfactorily complete more than 20 classroom hours of continuing education, at least 50% of which must have been completed within the year prior to application for reactivation, in order to reactivate a license. An inactive licensee must take the two most recent legal update courses prior to reactivation.</p>	<p>43-40-8. No licensee whose license has been placed on inactive status shall be allowed to reactivate unless the continuing education provisions are met.</p>	<p>116A.145 1,4. A certificate holder whose certificate is on inactive status for a period of more than 1 year and who wishes to reinstate the certificate must submit an application to the Division on a form prescribed by the Division.</p> <p>(Among other things the certificate holder must provide)....documentation that the applicant possesses the education required pursuant to <u>NAC 116A.140</u>;</p> <p>If a certificate has not been renewed for a period that exceeds one year past its expiration date, an applicant must reapply for certification.</p>
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Chart 2: Below is a chart of three professions regulated by the Department of Regulatory Agencies. For your reference, underneath the profession titles are the sanctions for failing to comply with continuing education requirements.

	Real Estate Brokers	Insurance Producers (agents)	Electricians
Sanctions	<p>The Commission Update Course is a requirement for all active licensees. If you fail to complete these courses during each renewal cycle, and/or you fail to complete the additional hours of elective continuing education during a renewal period, you may be found delinquent on a continuing education random audit and assessed a fine under the license law.</p> <p>If you miss one of the Commission Update Courses during a license period, you may correct the delinquency by one of the following alternative methods of completing your full continuing education requirement:</p> <ol style="list-style-type: none"> Take and pass the Colorado part of the Broker examination. Once in your life, complete the 24-hour Brokerage Administration course. Once in your life, complete the 24-hour Broker Transition course. Complete 48-hours in Colorado Contracts & Regulations AND 24-hours in Real Estate Closings. Total = 72 hours <p>Continuing education delinquencies are enforced by random audit, and are generally disciplined by fines ranging from \$250 to \$600 depending on the severity of the delinquency and when the delinquent hours are made up.</p>	<p>Any person who fails to comply with the requirements of this section, or is found after a hearing before the division to have submitted a false or fraudulent certificate of compliance to the commissioner, shall have his or her license suspended until such person satisfactorily demonstrates to the commissioner that all of the requirements of this section, and any other applicable licensing requirement or other statute, has been met.</p>	<p>On or after January 1, 2011, the department shall not renew a license unless the applicant has demonstrated competency through an assessment of competency, which may be performed by private entities in accordance with rules promulgated by the board. Any person whose license has expired shall be subject to the penalties provided in this article or section 24-34-102 (8), C.R.S.</p> <p>24-34-102 (8)(c) The director shall allow for a grace period for licenses, certificates, and registrations from licensing boards or commissions within the division of registrations. A licensee, registrant, or certificate holder shall have a sixty-day grace period after the expiration of his or her license, registration, or certificate to renew such license, registration, or certificate without the imposition of a disciplinary sanction for practicing on an expired license, registration, or certificate by the director, licensing board, or commission for such profession. The licensee, registrant, or certificate holder shall satisfy all renewal requirements pursuant to the applicable practice act and shall pay a delinquency fee</p>