



*Here are the details of the Homeownership Opportunity Act of 2014:*

### **Empowers and Protects Individual Homeowners**

The legislation stops the current practice that allows a minuscule number of owners within a condominium or townhome project to enter into legal action without the knowledge or authorization of the rest of the homeowners. Condo and townhome owners have attempted to sell or refinance their homes and been told -- to their surprise -- that they can't because legal action places a cloud on the title and stops financing cold.

This bill gives ALL condo and townhome owners that chance to make informed choices about legal action with a common-sense notice provided at least 60 days prior to the start of any legal process or hiring any expensive engineers and consultants. The notice must include:

- A disclosure explaining the nature and scope of the proposed litigation – and the relief sought;
- Estimated costs to the association, including any special assessments on members or use of the association's reserve funds;
- The expected impact on home values of units included in the legal action;
- The expected impact on home values of units not included in the legal action – including the ability to refinance or of prospective buyers to gain financing.

The bill requires a majority vote of all association members be obtained before legal action can go forward. This puts an end to a couple of owners deciding to proceed with costly and time consuming litigation that impacts all owners within the condo project.

### **Preserves and Protects Less-Costly, Quicker & Effective Dispute Resolutions**

It's a simple fact that attainable, for-sale condominiums just are not being built in Colorado – and particularly near transit stations – due to the high cost of litigation aimed at condo projects. The result is that there is a sharp imbalance in the mix of housing in Colorado communities with most new projects being for-rent apartments.

Going to court is not the only route to resolving disputes. Alternative Dispute Resolution (ADR) is a legally enforceable, effective, less costly and less time-consuming method of resolving disputes that has a record of success. This can include both mediation of a dispute and binding arbitration, which is presided over by a neutral third-party, often a retired judge.

Consistent with Colorado's current law, many condo and townhome declarations require that disputes related to construction defects be submitted to ADR. Yet, many homeowners associations have removed the requirement for resolving disputes using ADR from their governing documents and attempt to apply that change retroactively against anyone who is responsible for construction. These condo and townhome associations are choosing a path that makes going to court the only option, despite the fact that it takes more time and is more costly. Senate Bill xxx simply states that if ADR was required by the association's governing documents when the alleged construction defect occurred, then the dispute must still be resolved using that ADR process unless all parties to the dispute agree otherwise.

PLEASE SUPPORT COLORADO HOMEOWNERS & LOCAL COMMUNITIES –

SUPPORT THE HOMEOWNERSHIP OPPORTUNITY ACT OF 2014