

## DEPARTMENT OF REGULATORY AGENCIES

### Division of Real Estate

## COMMUNITY ASSOCIATION MANAGERS

### 4 CCR 725-7

*[Editor's Notes follow the text of the rules at the end of this CCR Document.]*

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## A RULES – LICENSE QUALIFICATIONS, APPLICATIONS & EXAMINATIONS

### A-1) Definitions.

The following definitions are applicable to all rules in these Director rules:

- 1) The “Act” or the “Community Association Managers Practice Act” means §§ 12-61-1001, et seq., C.R.S.
- 2) “Community association manager” or “manager” has the meaning set forth in § 12-61-1001(4).
- 3) “Licensee” means any person or entity licensed as a community association manager pursuant to the Act.
- 4) “Community association management company” or “company” means any entity, including but not limited to a firm, partnership, limited liability company, association, or corporation, that meets the definition of a community association manager in § 12-61-1001(4), C.R.S., or applies to the Division to become a community association manager.
- 5) “Designated manager” means an individual who is designated to be a qualified active manager for a community association management company, qualified to act as a community association manager, and who is responsible for management and supervision of the licensed actions of the company and all persons employed by, or acting at any time on behalf of, the company and who is personally responsible for the handling of any and all common interest community funds received or disbursed by the company pursuant to § 12-61-1003(6)(b) and (7).
- 6) “Applicant” means any person or entity applying for licensure as a community association manager under the Act.
- 7) “License” means any license issued by the Director or the Division pursuant to the Act.

### A-2) Requirements that must precede exam and application.

An applicant must hold one or more of the credentials set forth in § 12-61-1003(5)(a)(I)(A), (B), (C), and (D), C.R.S. or § 12-61-1003(5)(d), C.R.S., and provide proof of completion in a manner prescribed by the Director prior to applying for a community association manager license.

**A-3) Qualifying education credential requirements.**

An applicant must hold a credential pursuant to § 12-61-1003(5)(a)(I)(A), (B), (C), or (D), C.R.S., or § 12-61-1003(5)(d), C.R.S. or complete 24 hours of classroom instruction, or equivalent distance learning hours, and must successfully complete the following courses of study approved by the Director:

- 1) A minimum of 8 hours of Colorado Common Interest Ownership Act, Colorado Revised Nonprofit Act and other applicable provisions of Colorado law;
- 2) A minimum of 7 hours of financial, risk and facilities management;
- 3) A minimum of 5 hours of governance and legal documents of an association; and
- 4) A minimum of 4 hours of ethics, bid requests and contract provisions.

**A-4) Exams only given to those qualified.**

Only an applicant holding a qualified education credential as prescribed in Rule A-3 may sit for the community association manager licensing examination. However, one instructor from each approved educational provider offering a recognized credential pursuant to § 12-61-1003(5)(a)(I)(A), (B), (C), and (D), C.R.S., may sit for the examination one time during any 12 month period.

**A-5) Community association manager license examination, exam expiration and application requirements.**

The community association manager license examination is made up of two parts, a general portion and a state portion. If an applicant fails one or both parts of the exam, the applicant may retake the failed portion(s). A passing score for either part of the exam is valid for one year only. An application received by the Division must be accompanied by the statutory fee, proof of completion of the required credential and proof of successful completion of both portion(s) of the exam within the year prior to the application being received by the Division. No exam score for either portion of the exam will be considered valid after one year.

**A-6) Exam results certified only if licensed.**

The Director will not certify any information concerning the results of any examination as it pertains to any person who has taken the examination unless such person is or has been licensed as a Colorado community association manager.

**A-7) License processing time frames.**

Provided that an applicant has submitted a complete and satisfactory application in compliance with § 12-61-1002, C.R.S., § 12-61-1003, C.R.S., and all Director rules, the Director will issue a license within 10 business days after receipt by the Director of satisfactory results from the fingerprint-based criminal history record check. If the application or record check is not complete or satisfactory, the applicant will be notified that their license application has been deferred pending receipt of required compliance item(s). The application for a community association manager license that has been approved by the Director subject to the receipt of certain compliance items will be issued on an inactive status until all compliance items have been received by the Director. No activities requiring a license may be performed while the license is on inactive status.

**A-8) Applicants who have held a community association manager license in another jurisdiction.**

In lieu of the qualifying education credential requirements found in Rule A-3, an applicant who has held a community association manager license in another jurisdiction, as set forth in § 12-61-1003(5)(d), C.R.S., may submit a “certification of licensing history” issued by each jurisdiction where the applicant is currently or was previously licensed as a community association manager. The license history must be submitted prior to sitting for the exam, along with a complete and satisfactory application in accordance with all Director rules. The Director will issue a license within 10 business days after receipt by the Director of satisfactory results from the fingerprint-based criminal history record check, and a determination by the Director that the applicant has established they possess the credentials and qualifications substantively equivalent to the requirements for Colorado licensure. Within 30 calendar days after issuance of the community association manager license, the applicant must complete successfully, and provide the Director proof of successful completion, of the state portion of the exam. Failure to provide the Director with proof of successful completion of the state portion of the exam in the prescribed timeframe will result in the license being placed on inactive status and no activities requiring a license may be performed.

**A-9) Applicant with previous suspension or revocation of a community association manager license or certification.**

Pursuant to § 12-61-1003(3)(b), C.R.S., an applicant who has held a community association manager license or certification that has been suspended or revoked in Colorado or in any other jurisdiction that regulates community association managers within the last 10 years, with at least 2 years having elapsed since the date of that suspension or revocation, must file prior to or with their application for licensing the following information and documents:

- 1) A written and signed personal explanation and detailed account of the facts and circumstances surrounding each suspension or revocation;
- 2) The completed community association manager application addendum form found on the Division’s website;
- 3) Results of any hearing(s), and copies of the official reports of the suspension and revocation from the jurisdiction where any such suspension or revocation took place;
- 4) If the applicant is to be employed under a designated manager licensee, then that designated manager must submit a letter stating that he or she is aware of the specific suspension(s) or revocation(s) and has agreed to employ the applicant; and
- 5) Any other documentation requested by the Director.

**A-10) Applicant with prior legal involvement.**

Pursuant to § 12-61-1003(3)(c), C.R.S., an applicant who has been convicted of or pled guilty or nolo contendere to a misdemeanor or a felony, has misdemeanor or felony charges pending against him or her, or has agreed to a deferred prosecution, deferred judgment, or deferred sentence that is not yet completed, excluding all misdemeanor traffic violations (collectively referred to as a “violation”), must file prior to or with his or her application for licensing the following information and documents:

- 1) A written and signed personal explanation and detailed account of the facts and circumstances surrounding each violation;
- 2) The completed community association manager application addendum form found on the Division’s website;

- 3) Results of all court hearing(s) related to each violation, in the form of copies of charges, disposition, pre-sentencing report and most recent probation or parole report;
- 4) If the applicant is to be employed under a designated manager licensee, then that designated manager must submit a letter stating that he or she is aware of each violation and has agreed to employ the applicant; and
- 5) Any other documentation requested by the Director.

**A-11) Preliminary advisory opinion.**

At any time prior to submission of a formal application for licensure, a person may request that the Director issue a preliminary advisory opinion regarding the potential effect that previous conduct, license and certification suspension(s) or revocation(s), criminal conviction(s), or violation(s) of community association law, may have on a formal application for licensure ("PAO"). A PAO may be issued by the Director in his or her sole discretion, in order to provide preliminary advisory guidance.

- 1) Potential applicants may request a PAO for any of the following reasons:
  - a) If the individual has been convicted of, plead guilty or nolo contendere to any crime in a domestic, foreign or military court;
  - b) If the individual has held a community association manager license or certification that has been suspended or revoked within the last 10 years;
  - c) If the individual has had other professional licenses, certifications or registrations issued by Colorado, the District of Columbia, any other states or foreign countries, revoked or suspended for fraud, theft, deceit, material misrepresentations or the breach of a fiduciary duty and such suspension or revocation denied authorization to practice as: a mortgage loan originator or similar license; real estate broker; real estate appraiser; an insurance producer; an attorney; a securities broker-dealer; a securities sales representative; an investment advisor; or an investment advisor representative; or
  - d) Any other conduct that would impact the public trust.
- 2) Individuals requesting a PAO must complete the preliminary advisory opinion application located on the Division of Real Estate's website.
- 3) Individuals requesting a PAO must submit all relevant documents related to any conduct or actions as set forth herein. Incomplete requests will not be processed. The Director may, at any time, request additional information regarding the PAO request. Such relevant or related documents may include, but are not limited to:
  - a) Police officer reports;
  - b) Dispositions documents;
  - c) Court documents;
  - d) Original charges documents;
  - e) Stipulated agreements; or
  - f) Final Agency Orders.

- 4) Individuals requesting a PAO must submit a written and signed personal explanation and detailed account of the facts and circumstances.
- 5) Any PAO will not be binding on the Director or limit the Director's authority to investigate a future formal application for licensure.
- 6) An individual seeking a PAO is not an applicant for licensure and the issuance of an unfavorable opinion will not prevent such individual from making application for licensure pursuant to the Act and these Director rules.
- 7) No PAO shall be considered final agency action. PAOs are not subject to appeal or judicial review.

**A-12) Criminal history check required prior to application.**

An applicant for an initial license must submit a set of fingerprints to the Colorado Bureau of Investigation and the Federal Bureau of Investigation for the purpose of conducting a state and national criminal history record check prior to submitting an application for a license. Fingerprints must be submitted to the Colorado Bureau of Investigation for processing in a manner acceptable to the Colorado Bureau of Investigation. Fingerprints must be readable and all personal identification data completed in a manner satisfactory to the Colorado Bureau of Investigation. The Director may acquire a name-based criminal history record check for an applicant who has twice submitted to a fingerprint-based criminal history record check and whose fingerprints are unclassifiable.

**A-13) Denied license notice required.**

If an applicant for licensure is denied by the Director for any reason, the applicant will be informed in writing of the denial and the reason(s) therefore. As set forth in § 12-61-1011, C.R.S., an applicant whose license application was denied for any reason has a right to a proceeding on the denial to be conducted by an authorized representative of the Director or by an administrative law judge pursuant to §§ 24-4-104 and 24-4-105, C.R.S.

**A-14) Director has course audit authority.**

The Director or his or her designee may audit any course of study and may request from each educational provider of any course under § 12-61-1003(5)(a)(I) through (III), C.R.S., all instructional material related thereto and student attendance records as may be necessary for an investigation in the enforcement of the Act and these Director rules. The purpose of such audit is to ensure that educational providers and credential providing entities adhere to the approved course of study and credential designations, offer course material and instruction consistent with acceptable education standards and instruct in such a manner that the desired learning objectives are met. Failure to comply with the provisions of this rule may result in the withdrawal of Director course and designated credential approval.

**A-15) Invalid payment voids application.**

If the fees accompanying any application or registration made to the Director (including fees for renewals, transfers, etc.) are paid for by check and the check is not immediately paid upon presentment to the bank upon which the check was drawn, or if payment submitted in any other manner, and payment is denied, rescinded or returned as invalid, the application will be deemed incomplete. The application will only be deemed complete if the Director has received payment of all application or registration fees together with any fees incurred by the Division including the fee required by state fiscal rules for the clerical services necessary for reinstatement within 60 days of the Division mailing notification of an incomplete application.

**C RULES – LICENSING - OFFICE**

**C-1) Individual proprietor must be sole owner.**

A community association manager licensed as an individual doing business under a trade name must be the sole owner of that trade name.

**C-2) Individual proprietor may not appear to be corporate.**

A community association manager licensed as a sole proprietorship may not adopt a trade name which includes the following words: Corporation, Partnership, Limited Liability Company, Limited, Incorporated, or the abbreviations thereof.

**C-3) Qualifications for community association management companies.**

As set forth in § 12-61-1003(6), C.R.S., when a community association management company submits a license application to qualify as a community association manager, it must comply with the following:

- 1) Designate and maintain a qualified active manager for the community association management company who is responsible for management and supervision of the licensed actions of the company and all persons employed by, or acting at any time on behalf of, the company and who is personally responsible for the handling of any and all common interest community funds received or disbursed by the company pursuant to § 12-61-1003(6)(b) and (7); who has passed the examination for licensees set forth in the Act and these Director rules; and who is qualified to act as a community association manager under the Act and these Director rules.
- 2) If the community association management company is a corporation, it must certify that:
  - a) The corporation has been properly incorporated with the Colorado Secretary of State or is authorized to do business in Colorado, and is in good standing, proof of which must be included with the application;
  - b) If an assumed or trade name is to be used, it has been properly filed with and accepted by the Colorado Secretary of State, proof of which must be included with the application; and
  - c) The applicant has designated a qualified active manager who has been appointed by the corporation's board of directors to act as designated manager for the corporation.
- 3) If the community association management company is a partnership, it must certify that:
  - a) The partnership has been properly registered with the Colorado Secretary of State and is in good standing, proof of which must be included with the application;
  - b) If an assumed or trade name is to be used, it has been properly filed with the Colorado Secretary of State, proof of which must be included with the application; and
  - c) The applicant has designated a qualified active manager who has been appointed the designated manager for the partnership by all general partners or managers/officers of the partnership.

- 4) If the community association management company is a limited liability company, it must certify that:
  - a) The limited liability company has been properly registered with the Colorado Secretary of State and is in good standing, proof of which must be included with the application;
  - b) If an assumed or trade name is to be used, it has been properly filed with the Colorado Secretary of State, proof of which must be included with the application; and
  - c) The applicant has designated a qualified active manager who has been appointed the designated manager for the limited liability company by all managers, or if management has been reserved to the members in the articles of organization, by all members of the limited liability company.

**C-4) Individuals employed by a community association management company or a common interest community.**

Any community association management company, sole proprietorship, or common interest community that employs individuals who perform activities requiring a community association manager license pursuant to § 12-61-1001(3), C.R.S., must designate and maintain a qualified active designated manager.

**C-5) Resident community association managers required to have office; exceptions.**

Every resident Colorado community association manager must maintain and supervise a community association management practice with an office that is available to the public, except those community association managers registered in the Division as in the employ of a designated manager or those community association managers registered as inactive.

**C-6) Manager availability.**

Every licensee must have a community association manager that is reasonably available to members of the common interest community for which they are acting as manager, along with the Division.

**C-7) Community association manager license non-transferable.**

No agreement will be entered into by any licensee whereby the licensee transfers or lends their name or license to another to avoid or evade any provision of the Act or these Director rules.

**C-8) Corporate license name may not duplicate suspended/revoked license.**

The Director may refuse to issue a community association manager license to a community association management company if the name of said company is the same as that of any other community association management company whose license has been suspended or revoked, or is so similar as to be easily confused with that of the suspended or revoked company by members of the general public.

**C-9) No license name identical to one previously issued.**

No community association manager license will be issued to a community association manager under a trade name, corporate, partnership or limited liability company name which is identical to another licensed community association manager's trade name, corporate, partnership or limited liability company name.

**C-10) Community association manager activity only in trade name or full licensed name.**

A community association manager may adopt a trade name according to Colorado law and such trade name will appear on the face of the license. However, pursuant to § 12-61-1003(8), C.R.S., such manager must conduct business only under such trade name, or conduct business under the entire name appearing on the face of the license. Community association managers, who are licensed under a designated manager that is doing business under a trade name, will be licensed under the entire name appearing on the face of the license.

**C-11) Name rules.**

Pursuant to § 12-61-1003(8), C.R.S., a person will not be licensed as a community association manager under more than one name, or conduct or promote business as a community association manager except under the name under which the person is licensed. However, the use of a trade name, with the permission of the owner of such trade, name may be used concurrently with the licensed name of the community association management company in the promotion or conduct of the licensed community association management business.

- 1) No licensee or community association management company will advertise or promote its business in such a manner as to mislead the public as to the identity of the licensed community association manager or company; nor may a portion of the licensed name of any community association manager or company be advertised or promoted in a manner which would mislead the public as to the identity of the licensed manager or company.
- 2) Any licensee or community association management company using a trade name, the use of which requires obtaining permission from another who has an existing and continuing right in that trade name by virtue of any state or federal law, will clearly and unmistakably include the licensee or community association management company name as registered with the Director in addition to the trade name in a conspicuous and reasonable manner in any of the following:
  - a) Advertising;
  - b) Business cards;
  - c) Letterhead;
  - d) Contracts or all other documents relating to community association management business; and
  - e) Signs displayed at a place of business.

**C-12) Notice of termination; designated manager.**

A community association management company and its designated manager both must immediately notify the Director in writing of the termination of the designated manager's status as designated manager for the company, or upon the designated manager's failure to comply with the Act or these Director rules. Unless a temporary designated manager license is obtained in compliance with the provisions of Rule C-13, upon such notification the designated manager, entity and all employed licensees will be placed on inactive status.

**C-13) Temporary designated manager license.**

Pursuant to § 12-61-1003(6)(c), C.R.S., a temporary designated manager's license may be issued to a community association management company to prevent hardship for a period not to exceed 90 days to the person so designated. No designated manager license will be approved unless the individual designated holds a community association manager license and meets all additional requirements pursuant to § 12-61-1003(6), C.R.S. and these Director rules.

**C-14) Inactive license.**

A community association manager license may be issued while on inactive status. No activities requiring a license may be performed while a license is on inactive status.

**D RULES – RENEWAL, TRANSFER, INACTIVE LICENSE, REINSTATEMENT & INSURANCE**

**D-1) Initial License renewal.**

An initial license will be issued for a period commencing on the issuance date and expiring on December 31st of the year of issuance.

**D-2) Annual renewal.**

The license renewal period begins November 1st of each calendar year and ends December 31st of each calendar year. Licensees who renew their license may only do so if they are compliant with all provisions of the Act and all Director rules.

**D-3) Inactive license request.**

A licensee may request that the Division's records show their license inactive until proper request for reactivation has been made, or until their license has expired.

**D-4) Inactive license must be renewed.**

A community association manager whose license is on inactive status must apply for renewal of such inactive license and pay the regular renewal fees.

**D-5) Reinstatement.**

A licensee with an expired license may choose to reinstate his or her license. The reinstatement period begins January 1st of each calendar year immediately following the expiration and ends on December 31st of each calendar year. Individuals who reinstate their expired license may only do so if they are compliant with all provisions of the Act and all Director rules. The fee to reinstate will be by payment of the reinstatement fee equal to one and one-half the regular renewal fee. Any person who fails to apply for reinstatement within one year after expiration of a license will be treated as a new applicant for licensure.

**D-6) Renewal or reinstatement using method approved by Director.**

A community association manager may renew or reinstate their license online or by submitting a renewal or reinstatement application form provided by the Division or by other methods acceptable to the Director.

**D-7) Renewal and Reinstatement fees are non-refundable.**

All fees paid for the renewal or reinstatement of a license are non-refundable.

**D-8) Form and fees required to change license.**

No change in license status will be made except in a manner acceptable to the Director to effect such change and upon payment of the statutory fees for such changes.

**D-9) Errors and omissions (E&O) insurance requirements.**

Every active licensed community association management company and sole proprietorship must have in effect a group policy of errors and omissions insurance to cover all acts requiring a license.

- 1) Community association management companies and sole proprietorships must obtain errors and omissions group coverage from an insurance carrier subject to the following terms and conditions:
  - a) The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state and is in conformance with all Colorado statutes.
  - b) The insurance carrier maintains an A.M. Best rating of "A-" or better.
- 2) The group policy, at a minimum, must comply with all relevant conditions set forth in this Rule D-9 and the insurance carrier so certifies in an affidavit issued to the insured in a form specified by the Director and agrees to immediately notify the Director of any cancellation or lapse in coverage. Coverage must provide, at a minimum, the following:
  - a) The contract and policy are in conformance with this Rule D-9 and all relevant Colorado statutory requirements.
  - b) Coverage for all acts for which a community association manager license is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage.
  - c) Coverage is for not less than \$1,000,000 per covered claim, with an annual aggregate limit of not less than \$1,000,000. Costs of investigations and defense must be outside of these limits and are subject to their own per claim and aggregate limits.
  - d) Payment of claims by the provider will be on a first dollar basis and the provider will look to the insured for payment of any deductible.
  - e) Coverage contains a deductible no greater than \$5,000.

- f) That the provider of the policy has executed an affidavit in a form or manner specified by the Director attesting that the policy is in force and, at a minimum, complies with all relevant conditions set forth herein and that the provider will immediately notify the Director in writing of any cancellation or lapse in coverage of any policy.
- 3) Each community association management company and sole proprietorship applying for licensure, activation, renewal or reinstatement must certify compliance with this Rule D-9 and § 12-61-1004, C.R.S., on forms or in a manner prescribed by the Director. Any community association management company or sole proprietorship, who so certifies and fails to obtain errors and omissions group coverage or who fails to provide proof of continuous coverage directly to the Director, will be placed on inactive status and all licensees operating under such policy will be placed on inactive status:
  - a) Immediately, if certification of current insurance coverage is not provided to the Director; or
  - b) Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.

**D-10) Crime fidelity insurance requirements.**

Every active licensed community association management company and sole proprietorship must have in effect a crime fidelity insurance policy covering the dishonest acts of all employees in the community association management company or sole proprietorship.

- 1) Community association management companies and sole proprietorships must obtain crime fidelity coverage from an insurance carrier subject to the following terms and conditions:
  - a) The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of crime fidelity insurance in this state and is in conformance with all Colorado statutes.
  - b) The insurance carrier maintains an A.M. Best rating of "A-" or better.
- 2) The policy, at a minimum, must comply with all relevant conditions set forth in this Rule D-10 and the insurance carrier so certifies in an affidavit issued to the insured in a form specified by the Director and agrees to immediately notify the Director of any cancellation or lapse in coverage. Coverage must provide, at a minimum, the following:
  - a) The contract and policy are in conformance with this Rule D-10 and all relevant Colorado statutory requirements.
  - b) Coverage is exclusive to covering acts contemplated under the current Act and these Director rules.

- c) Coverage is for the maximum amount of funds that will be in the custody and control of the community association management company or sole proprietorship at any given time. However, in no event shall any such amount be less in aggregate than two months of current assessments plus reserves, as calculated from the current budget of the common interest community, or be less than fifty thousand dollars, whichever is greater, for each common interest community managed by the community association management company or sole proprietorship. This coverage includes, but is not limited to, any community association management company, sole proprietorship, or designated manager that controls or disburses funds of the common interest community, or that is authorized to sign checks on behalf of the common interest community. Costs of investigations and defense must be outside of these limits and are subject to their own per claim and aggregate limits.
  - d) Payment of claims by the provider will be on a first dollar basis and the provider will look to the insured for payment of any deductible.
  - e) Coverage contains a deductible no greater than one (1) percentage point of the total face amount of the policy.
  - f) That the provider of the policy has executed an affidavit in a form or manner specified by the Director attesting that the policy is in force and, at a minimum, complies with all relevant conditions set forth in these Director rules and that the provider will immediately notify the Director in writing of any cancellation or lapse in coverage of the any policy.
- 3) Each community association management company and sole proprietorship applying for licensure, activation, renewal or reinstatement must certify compliance with this rule and § 12-61-1004, C.R.S., on forms or in a manner prescribed by the Director. Any community association management company or sole proprietorship, who so certifies and fails to obtain fidelity coverage or to provide proof of continuous coverage directly to the Director, will be placed on inactive status and all licensees operating under such policy will be placed on inactive status:
  - a) Immediately, if certification of current insurance coverage is not provided to the Director; or
  - b) Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.

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**Editor's Notes**

**History**

A, C, D Rules emer. rules eff. 01/06/2015.