

DEPARTMENT OF REGULATORY AGENCIES
DIVISION OF REAL ESTATE
COMMUNITY ASSOCIATION MANAGERS
4 CCR 725-7

NOTICE OF PROPOSED PERMANENT RULEMAKING HEARING
July 30, 2019

**D RULES: RENEWAL, TRANSFER, INACTIVE LICENSE, REINSTATEMENT AND
INSURANCE**

Pursuant to and in compliance with Title 12, Article 61 and Title 24, Article 4, C.R.S. as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado and to all persons who have requested to be advised of the intention of the Director of the Division of Real Estate ("Director") to promulgate rules, or to amend, repeal or repeal and re-enact the present rules related to community association managers.

STATEMENT OF BASIS

The statutory basis for the rules titled Rules Regarding Community Association Managers is Part 10 of Title 12, Article 61, Colorado Revised Statutes, as amended.

STATEMENT OF PURPOSE

Veto of House Bill 19-1212 repeals the authority of the Division of Real Estate ("Division") and the Division Director in the oversight and administration of the Community Association Managers Program. As a result, the existing rules need to be repealed to be in compliance with the veto of House Bill 19-1212.

SPECIFIC PURPOSE OF THIS RULEMAKING

The specific purpose of these rules is to repeal key terms and regulations pertaining to the Community Association Managers Program, pursuant to veto of House Bill 19-1212.

PROPOSED NEW, AMENDED AND REPEALED RULES

Deleted material is showed by ~~struck through~~; new material is indicated by underline. Rules, or portions of rules, which are unaffected are reproduced. Readers are advised to obtain a copy of the complete rules of the Board at www.dora.colorado.gov/dre.

**~~D RULES: RENEWAL, TRANSFER, INACTIVE LICENSE, REINSTATEMENT AND
INSURANCE~~**

~~D-1) Initial license renewal.~~ Repealed (Effective September 30, 2019)

~~1) — An initial CAM license will be issued for a period commencing on the issuance date and expiring on June 30th following the date of issuance.~~

~~2) An apprentice license will be issued only for a period commencing on the issuance date and expiring one (1) year following the date of issuance. An apprentice license is non-renewable.~~

~~3) A provisional license will be issued only for a period commencing on the issuance date and expiring on December 31, 2015. No provisional license will be issued after December 31, 2015.~~

~~D-2) Annual renewal. [Repealed \(Effective September 30, 2019\)](#)~~

~~— The license renewal period begins May 1st of each calendar year and ends June 30th of each calendar year. Licensees who renew their license may only do so if they are compliant with all provisions of the Act and the Director rules.~~

~~D-3) Inactive license request. [Repealed \(Effective September 30, 2019\)](#)~~

~~— 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. [Repealed \(Effective September 30, 2019\)](#)~~

~~— A CAM whose license is on inactive status must apply for renewal of such inactive license and pay the regular renewal fees.~~

~~D-5) Reinstatement. [Repealed \(Effective September 30, 2019\)](#)~~

~~— A licensee with an expired license may choose to reinstate his or her license. The reinstatement period begins July 1st of each calendar year immediately following the expiration and ends on June 30th 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 the 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. [Repealed \(Effective September 30, 2019\)](#)~~

~~— A CAM 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. [Repealed \(Effective September 30, 2019\)](#)~~

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

~~D-8) Form and fees required to change license. [Repealed \(Effective September 30, 2019\)](#)~~

~~— 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. [Repealed \(Effective September 30, 2019\)](#)~~

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

~~1) CAM companies and licensed 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. If however, a deductible of greater than \$ 5,000 is requested by the CAM company or licensed sole proprietorship, any such deductible sum exceeding \$ 5,000 may be satisfied by the CAM company or licensed sole proprietorship by depositing such sums in an insured savings account or a certificate of deposit issued by a state or national bank, credit union or savings and loan association doing business in this state. Any such savings account, deposit, or certificate of deposit must be in the amount specified by the Director and must be assigned to the Colorado Division of Real Estate, Department of Regulatory Agencies for the use of the people of the State of Colorado. The CAM company or sole proprietorship will provide proof of any such account or deposit in or certificate of deposit to the Director upon request.~~
 - ~~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 CAM 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 CAM 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 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: [Repealed \(Effective September 30, 2019\)](#)~~

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

- ~~1) CAM companies and licensed sole proprietorships must obtain crime fidelity coverage from an insurance carrier or be named as an additional insured on the common interest community's fidelity insurance policy, 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 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 the Director rules.~~
 - ~~c) Coverage for each common interest community managed, must not be less in aggregate than two months of current assessments plus reserves, as calculated from the current budget of the common interest community, or such higher amount as the common interest community may require in its bylaws or management contract with the CAM company or licensed sole proprietorship. This coverage includes, but is not limited to, any CAM 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 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 or its designated agent 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.~~~~
- ~~3) Each CAM company and sole proprietorship applying for licensure, activation, renewal or reinstatement must certify compliance with this Rule D-10 and § 12-61-1004, C.R.S., on forms or in a manner prescribed by the Director. Any CAM 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.~~~~

A hearing on the above subject matter will be held on July 30, 2019, at the Colorado Division of Real Estate, 1560 Broadway, Suite 100-A, Denver, Colorado 80202 beginning at 9:00 a.m.

Any interested person may participate in the rule making through submission of written data, views and arguments to the Division of Real Estate. Persons are requested to submit data, views

and arguments to the Division of Real Estate in writing no less than ten (10) days prior to the hearing date and time set forth above. However, all data, views and arguments submitted prior to or at the rulemaking hearing or prior to the closure of the rulemaking record (if different from the date and time of hearing), shall be considered.

Please be advised that the rules being considered are subject to further changes and modifications after public comment and formal hearing.