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To Association Board Members and Managers:

Below you will find a summary of recent changes to the Colorado Common Interest Ownership Act ("CIOA"). A copy of each House or Senate Bill is also available on our website, www.friscolawyers.com for your convenience.

HB 09-1220 AN AMENDMENT TO THE "COLORADO COMMON INTEREST OWNERSHIP ACT" TO PERMIT A UNIT OWNER TO PRESCRIBE SPECIFIED CONDITIONS IN CONNECTION WITH THE USE OF SUCH OWNER'S PROPERTY THAT PROMOTES AFFORDABLE HOUSING

Effective Date August 5, 2009

This bill related to affordable housing in certain mountain common interest communities that have less than 100,000 residents. However, Declarant-controlled and ski lift licensed communities are exempt from this Bill. The Bill requires Associations in these communities to permit owners to promote affordable housing through deed restrictions. An Association may not restrict or specify by deed, covenant, or other means the permissible sale price, rental rate, or lease rate of a unit or occupancy or other requirements designed to promote affordable or workforce housing. If these restrictions are in place, only the unit owner may occupy the unit. However, a future owner who purchases a unit under such restriction may lift the restriction so long as a similar unit is replaced with a similar unit in the same common interest community from which the restriction is lifted.

HB 09-1359 THE GOVERNANCE OF COMMON INTEREST COMMUNITIES UNDER THE "COLORADO COMMON INTEREST OWNERSHIP ACT"
Effective Date August 5, 1009.

In relation to the "responsible governance" policies already required, this Bill adds that an Association must adopt policies, procedures and rules and regulations concerning when the association has a reserve study prepared for the portions of the community to be maintained, repaired, replaced and improved by the association; whether there is funding and the sources of such funding relating to the reserve study recommendations; and whether the reserve study is based on a physical and financial analysis. In instances where reserve studies are performed, an internal reserve study is sufficient.

The Bill further adds that all members of an executive board of an Association shall have available to them all information relating to the responsibilities and operation of the association obtained by any other board member. Committees of the unit owners' association shall be appointed pursuant to the association's governing documents or C.R.S. §7-128-206. After August 15, 2009, the person appointed to preside over any such committee must meet the same qualifications as are required by the governing documents for election or appointment to the executive board.

HB 09-1359 is applicable to all pre-existing common interest communities.

SB 09-249 THE APPLICABILITY TO SMALL COMMON INTEREST COMMUNITIES OF RECENTLY ENACTED PROVISIONS OF THE COLORADO COMMON INTEREST OWNERSHIP ACT Effective May 14, 2009

SB 09-249 confirms the application of fundamental CIOA principles to all common interest communities. Specifically, small common-interest communities are subject to C.R.S. §§38-33.3-105 to 38-33.3-107, with regard to: 1) separate titles and taxation; 2) applicability of local ordinances, regulations, and building codes; 3) prohibition of actions contrary to public policy, patriotic expression, emergency vehicles, fire prevention, and renewable energy generation devices; 4) unreasonable restrictions on energy efficient measures, and 5) eminent domain.

HB 09-1248 UNLESS OTHERWISE PROVIDED IN THE BYLAWS, ANY ACTION REQUIRED OR PERMITTED BY ARTICLES 121 TO 137 OF THIS TITLE TO BE TAKEN AT A BOARD OR DIRECTORS' MEETING MAY BE TAKEN WITHOUT A MEETING.

HB 09-1248 modifies the requirements for a nonprofit corporation board of directors to take action without a meeting. In summary, this new law allows the board to take any action without a meeting if written notice is transmitted to each member of the Board and each member of the Board by the time stated in the notice votes in writing for or against such action, or abstains from voting. Any board member may object to such procedure and require action by a meeting. This procedure is ideal for an association board to operate efficiently and take proper action by email. Please let us know you would like this procedure to be added to your existing Bylaws. See full text of C.R.S. Section 7-129-102 on our website for all requirements to act without a meeting.

HB 09-1091 CONCERNING A REQUIREMENT THAT CARBON MONOXIDE ALARMS BE INSTALLED IN RESIDENTIAL PROPERTIES.

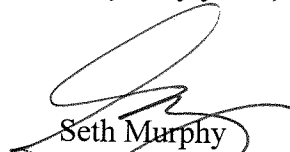
HB 1091 requires that any existing single-family dwelling or dwelling unit of an existing multi-family dwelling for sale, transfer or rent on or after July 1, 2009, that has a fuel-burning heater or appliance, fireplace, or an attached garage to have an operational carbon monoxide alarm installed within a specified distance of each room lawfully used for sleeping purposes. We have included this information because many of your owners rent out their units and need to be aware that this law went into place on July 1, 2009.

Mark Richmond, Fred Sprouse and Seth Murphy all attended the 27th Annual Real Estate Symposium hosted by the Colorado Bar Association on July 16 – 18, 2009. One of the items discussed concerned rising foreclosure actions in today's economy and the need for Homeowners Associations to be kept apprised of any actions being filed against units/lots in its project. To ensure that your Association receives proper notice of a foreclosure action from a foreclosing lender, the Association should consider recording a "Notice of Association Address" in the Office of the Clerk and Recorder. This notice should include the Association's address and contact person, and make reference to the recording information of the Declaration and the legal description of the units or lots. A generic form is available on our website for your use in preparing the Notice of Association Address. Please don't hesitate to contact our legal assistant, Robin Auldridge, or me, with any questions you may have and we will be happy to assist you.

Finally, we appreciate the need for our clients to stay on top of the ever changing laws and requirements that govern your association and understand that many times legal advice is not sought due to the associated cost. In order to better serve our clients we have implemented an annual retainer program which will allow you to seek the much needed legal advice at flat rate of \$1,000 per year for most associations. If you would like to find out more about what services are offered under this annual retainer program please contact our office.

We hope this information is helpful to the Association. Please don't hesitate to contact either Robin Auldridge or me with any questions you may have regarding the information contained in this letter. We look forward to serving your future legal needs.

Very truly yours,



Seth Murphy
For Richmond, Sprouse & Murphy, LLC