

## PESHA Budget Process and Colorado Law

The Colorado Common Interest Ownership Act (CCIOA), the law governing HOAs in Colorado, outlines a budget process that HOA's must follow. However, this process was applied differently to pre- and post-1992 HOAs, when CCIOA was passed. That changed in 2018 with the passage of House Bill 18-1342. This amendment to CCIOA requires all HOAs to follow the budget process from CCIOA required for post-1992 HOAs. This includes giving the membership the right to veto a budget.

However, the one exception to that requirement is for pre-1992 HOAs that have an annual assessment rate cap defined in their covenants. Park East Square is a pre-1992 HOA that does have a rate cap defined in the covenants, so PESHA is not required to follow the CCIOA budget process.

The rate cap in PESHA's covenants is defined as follows: "The maximum annual assessment per Lot for the first calendar year during which an assessment is made shall be \$540. The maximum annual assessment against any Lot for any calendar year thereafter shall be one hundred five percent of the maximum annual assessment for the preceding calendar year, whether or not such maximum annual amount was assessed in such preceding calendar year." (Article IV, Section 3).

### CCIOA BUDGET PROCESS

