



Capitol Gobbledygook

Legislative Information & News You Can Use

March 3, 2006

Landlord Tenant Legislation

Representative Michael Merrifield (D-Manitou Springs) worked with tenant activists groups, the Colorado Apartment Association and the Colorado Association of Realtors draft a compromise on landlord tenant legislation that all groups agreed would help the industry in the future. The following are the points that will be included in the legislation.

1. The return of security deposit will shorten to a maximum of 45 days. While tenant advocacy groups called for 21 days in 2005, which the association was stoutly against, a compromise of 45 days has been agreed upon.
2. It will be required by statute that the resident receives a copy of the lease once they have signed it. This does not require an owner's signature, only the signature of the resident. CAA would encourage a signed copy by both parties; however some management companies and owners do need additional time for the appropriate person to sign the lease. Should this legislation pass, the resident would need a copy of the lease once they have affixed their signature to the contract.
3. Due to increasing class action suits throughout the country and the threat of Colorado judges dismissing late fees levied against residents, the association and its members felt a maximum late fee would be prudent. The maximum fee would be 3% of the monthly rent per day, not to exceed 20% of the monthly rent.

Representative Merrifield informed CAA representatives that a special amendment will be voted on in committee that will state that any partial payment of rent will be considered when a late fee is imposed. This means that the owner of the property will need to calculate the late fee on the unpaid portion of the rent, not charge a late fee on the full rent. CAA is opposed to this amendment and will oppose it because it will discourage owners from taking any partial payment of rent and it will become an accounting and administrative hardship on the owner/management of the property.

4. Lease contracts may not waive the rights a tenant has under Colorado Statutes. There will be one exception to the law, the notice provisions for termination of a lease. If a tenant is on a month to month lease, Colorado law states that the resident must give the property owner 10 days before termination. CAA members normally include a 30 day notice provision; this would still be acceptable under the new law.

Workers Compensation on Subcontractor Employment

CAA was successful in adding an amendment to House Bill 1174 which would require owners to insure that any subcontractor hired to perform work on the property have workers compensation insurance. The bill stated that if an owner hired a subcontractor that did not have workers compensation insurance, the owner could be held liable for fines up to \$500 per day. CAA's amendment exempts owners or residential properties that hire independent subcontractors from the legislation as long as the subcontractor is performing "routine maintenance and repair on the property." This is a victory for small independent owners who hire an occasional "handyman" in their normal course of business.

CAA Executive Officers

Don Werner
President

Carrie Ann Gillis
President Elect

Dan Levin
Treasurer

Rex Gambrell
Secretary