



Data Refuting FHFA's Claims on LL-2026-03: Colorado-Specific Summary

Why Colorado's Case Is Particularly Compelling

Colorado presents a combination of factors that makes FHFA's claims especially difficult to sustain. The state has approximately 42,400 community associations, the fourth-highest concentration in the country. Its reserve study framework is in the middle of a contested legislative transition -- many Colorado associations are only now obtaining their first professional reserve study under a mandate that took effect in January 2025. Colorado has no state regulatory body that can enforce HOA financial standards or help associations navigate LL-2026-03 compliance. And the state is experiencing an insurance cost explosion from hail and wildfire that is independently driving dues and special assessments to levels FHFA's \$15-\$30 monthly estimate cannot account for. Taken together, these factors make Colorado one of the strongest cases for a phased implementation delay.

Claim #1: Fewer than 10,000 Associations Would Struggle

Colorado's Reserve Study Mandate Has Only Just Taken Effect -- Meaning Thousands of Associations Are Starting From Zero

This is the most consequential structural fact about Colorado's position relative to LL-2026-03. Colorado House Bill 22-1387 officially took effect on January 1, 2025, requiring all Colorado HOAs and condominium associations to conduct regular reserve studies. Before this legislation, the Colorado Common Interest Ownership Act required associations to adopt a policy addressing reserve studies but did not require the studies themselves. (<https://www.buildingreserves.com/post/building-reserve-study-colorado-rules-and-regulations>)

This means that a significant share of Colorado's approximately 42,400 associations entered 2025 either without a professional reserve study, with only a self-conducted internal study, or with a policy document that described when a study might be done rather than an actual study. CCIOA provided a highly unusual provision that "an internally conducted reserve study shall be sufficient" for purposes of the policy requirement, meaning a volunteer board member could legally prepare the analysis. Colorado also has no statutory licensing or certification requirements for reserve specialists -- a dramatic contrast with Nevada's registered Reserve Study Specialist regime.

(<https://www.steadily.com/blog/colorado-hoa-laws-regulations>)

An association with no professional reserve study, or with one prepared by a volunteer board member using unknown methodology, is not in a position to determine whether it meets LL-2026-03's "highest recommended allocation" standard. It has no certified data on which to base a funding plan. These associations -- thousands of them in Colorado -- cannot comply with Fannie Mae's requirements without first commissioning a professional study they have never had before. FHFA's claim that fewer than 10,000 associations nationally would struggle makes no accommodation for a state whose professional reserve study requirement is less than 18 months old.

Colorado's Reserve Framework Has No Statutory Minimum Funding Level and No Regulatory Enforcement

Colorado does not set a statutory minimum reserve balance or explicitly require a specific contribution percentage. While CCIOA requires associations to maintain reserves responsibly and adopt written policies, there is no statutory minimum percentage. The absence of a statutory minimum does not mean boards can underfund without risk -- it simply shifts judgment onto the board. (<https://mortgage-maestro.com/uncategorized/denver-home-affordability-hidden-costs/>)

More critically, Colorado has no state regulatory body with investigative or enforcement capabilities over HOA financial matters. The Colorado Division of Real Estate's HOA Information and Resource Center has no authority to intervene in any association member's conflict with their association, nor does it have jurisdiction to enforce CCIOA. Any dispute is a civil matter; the state records complaints in a statistical database but cannot compel compliance. (<https://www.cohoalaw.com/category/governance/>)

This is a significant distinction from Nevada, which has the Commission for Common-Interest Communities, and from California, which has courts that regularly hear CCIOA-equivalent claims. In Colorado, there is no state administrative mechanism that will help associations navigate LL-2026-03 compliance, issue guidance, or enforce the new reserve study mandate that itself only took effect in January 2025.

62% of HOAs Nationally Lack Fully Funded Reserves -- and Colorado's Unique Cost Environment Makes It Worse

A 2023 Community Associations Institute report found that 62% of homeowners' associations nationwide lack a fully funded reserve fund, leaving them vulnerable to financial hardship when major repairs or replacements are needed. In Colorado, where weather events and unique infrastructure needs pose additional challenges, the stakes are higher. (<https://hoastart.com/average-hoa-fees-by-state-2025/>)

That 62% figure is national. Colorado's combination of hail exposure, wildfire risk, extreme weather cycles, and mountain resort building complexities creates a reserve management environment more demanding than average. Buildings in ski resort communities -- Vail, Breckenridge, Steamboat Springs, Aspen, Telluride -- face accelerated wear on roofing, mechanical systems, and building envelopes driven by freeze-thaw cycles, heavy snow loads, and exposure conditions not present in lower-altitude markets. These are associations where the "highest recommended allocation" from a reserve study may represent a substantially larger share of budget than 15% -- and where the professional study necessary to establish that figure may not yet exist.

Claim #2: Monthly Dues Would Only Increase \$15-\$30

Colorado's Insurance Crisis Has Already Produced Increases Measured in Hundreds of Dollars Per Month

FHFA's \$15-\$30 estimate is a projection of the reserve contribution increase in isolation. In Colorado, it arrives on top of documented, state-government-acknowledged insurance cost explosions that have already pushed HOA fees up by hundreds of dollars per month per unit before any reserve adjustment takes place.

From June 2022 to June 2023, condo association insurance premiums in Colorado doubled, increasing by 103%. The median homeowner's insurance premium in Colorado rose by 42.1% between 2020 and 2023. Those rising costs often translate to higher HOA fees and larger special assessments when claims exceed coverage limits.

(<https://www.theinsuranceloft.com/condo-insurance-colorado>)

The case-level data is striking. The Wildflower townhome community's annual insurance premium rose from \$65,000 in June 2022 to \$437,000 in June 2023 -- a 572% increase -- and the increases along with post-fire rebuilding costs were described by the board president as "a double punch, double whammy, those body shots just keep coming."

(<https://www.9news.com/article/money/lawmakers-want-to-study-hoa-insurance-market/73-fe714b2c-02c4-4c82-a64a-cb5a8b40cd30>)

Insurance practitioners report that many Colorado HOA clients are seeing premium rate hikes adding anywhere from \$300,000 to close to \$1 million to some policies, especially in wildfire-prone mountain communities. Those sudden premium increases force boards to turn to their only sources of income -- monthly dues and special assessments.

(<https://www.fsresidential.com/colorado/news-and-events/articles/colorado-hoa-laws/>)

One Wheat Ridge association's insurance premium rose from \$20,000 to \$65,000 for 2024, a 220% increase. The association's governing documents cap dues increases at 5% per year, meaning the board had to combine a dues increase and levy a special assessment to cover the premium increase alone. This is the real cost environment into which FHFA is proposing a reserve contribution increase. The \$15-\$30 monthly estimate does not acknowledge the compounding cost burden Colorado associations are already carrying. (<https://jrocproperties.com/colorado-hoa-rules/>)

Governor Polis Has Acknowledged a Statewide Insurance Crisis -- Making FHFA's "Modest Impact" Claim Untenable

Colorado homeowners' insurance rates rose by approximately 100% between 2018 and 2024, and Governor Polis issued a formal Roadmap to Reduce Homeowners Insurance in 2026, stating that insurance affordability and availability are top priorities for the state. Governor Polis cited the goal of reducing average homeowner insurance costs by \$800 on average. (<https://www.summitdaily.com/news/summit-county-colorado-hoa-fees-increase-homeowner-insurance/>)

A state response of this magnitude -- a governor-level policy initiative, a Division of Insurance market study, a FAIR Plan of last resort created by statute -- is not the response to a problem affecting a small number of associations with modest cost impacts. It is the response to a documented, systemic market failure. FHFA's characterization of a \$15-\$30 monthly impact cannot be reconciled with a state where the governor is pursuing an \$800 annual cost reduction campaign as a centerpiece housing affordability initiative.

Colorado Condo Prices Are Already Declining Under HOA Cost Pressure

Colorado industry analysts were projecting condo prices to fall 10-15%, with some lower-priced condos falling further as HOA dues, special assessments, and related costs make many properties more expensive than renting. Single-family homes in ski towns were expected to outperform condos for the same reason -- higher HOA dues coupled with increasing special assessments for major projects like roofs and elevators. (<https://www.rubyhome.com/blog/hoa-stats/>)

This market distress is occurring before LL-2026-03's reserve requirement increase takes full effect. The reserve contribution increase FHFA characterizes as modest will add another cost layer to a condo market already contracting under existing HOA cost pressure. In Colorado, that is not a manageable adjustment -- it is a deepening of a market crisis already in progress.

Mountain Resort Communities: A Category FHFA's \$15-\$30 Estimate Cannot Address

Colorado's mountain resort condo communities represent a distinctive and financially extreme case. Condo fees in Steamboat Springs generally range from about \$500 to over \$4,000 per month, depending on location, amenities, and building age, with ski-in/ski-out properties like Grand Summit Hotel reaching \$3,700 or more per month. The homeowners' association typically saves 15%-40% of monthly HOA fees for the reserve fund -- not 10%. (<https://dre.colorado.gov/hoa-finances>)

For resort communities where the industry standard already targets reserve contributions at 15-40% of budget, the LL-2026-03 requirement is not a policy adjustment -- it is market confirmation of what responsible boards are already doing. But for the significant number of resort community associations that have been keeping dues artificially low and deferring reserve contributions, the gap between current funding and the "highest recommended allocation" may be enormous. In a market where routine HOA fees range from \$500 to \$4,000 per month, a correction in reserve funding can easily represent hundreds of additional dollars per unit per month -- a multiple of FHFA's national estimate.

Colorado-Specific Legal and Structural Barriers to Timely Compliance

The Reserve Study Mandate's Own Legal Status Is Disputed

This is a unique Colorado problem that does not exist in any other state reviewed in this series. There is active disagreement in the Colorado legal and industry community about what HB22-1387 actually requires. Multiple legal commentators note that CCIOA's prior language permitting internally conducted reserve studies "shall be sufficient" has not been definitively superseded, and that boards should consult legal counsel to confirm how the updated requirements apply to their specific community.

The official Colorado Division of Real Estate FAQ, still live on the state's website, states that CCIOA does not require a reserve study and only requires a written policy about reserve studies. (<https://mortgage-maestro.com/uncategorized/denver-home-affordability-hidden-costs/>)

An association trying to determine its obligations under LL-2026-03 must first navigate uncertainty about whether Colorado state law even requires a professional reserve study. Without that study, the association cannot determine the "highest recommended allocation" Fannie Mae now requires. Colorado boards face a situation where the state has not definitively clarified what it requires of them, and federal lending standards demand action before that clarity arrives.

CCIOA's Budget Veto Process Creates a Timeline Obstacle

Colorado's budget ratification process gives owners the power to reject a proposed budget if a majority votes against it. Under CCIOA, within 90 days after adopting a proposed budget, the board must mail a summary to all owners and set a meeting to consider a veto of the budget. Unless a majority of all owners vote to reject the proposed budget, it becomes the approved budget of the association. [Nolo](#)

For associations seeking to implement reserve contribution increases required by LL-2026-03, this process creates a meaningful risk: if a majority of owners vote to reject the budget that includes the higher reserve contribution, the board is back to the prior year's budget. In a state with no regulatory enforcement of CCIOA and no mechanism to compel reserve funding compliance, an owner veto of a reserve-adjusted budget effectively halts compliance. This is not a theoretical risk -- Colorado owners have exercised this power, as documented when residents in the Las Vegas Valley (a peer state example) successfully petitioned to prevent HOA dues from doubling.

Governing Documents Caps Are Common and Constraining

While CCIOA does not impose a universal percentage cap on assessment increases, many Colorado association governing documents do. The Brookside Townhomes Association's governing documents cap dues increases at 5% per year, requiring the board to levy a special assessment in addition to the maximum allowed dues increase to cover a 220% insurance premium increase. (<https://jrocproperties.com/colorado-hoa-rules/>)

Colorado governing documents frequently limit increases in periodic dues to 2% per year, or limit assessments to a maximum annual dollar amount. If those limitations are too severe, the HOA may be prevented from collecting enough money to properly maintain and operate the development -- and moving from a 10% to a 15% reserve contribution could require a dues increase that exceeds such governing document caps. [DORA](#)

An association whose declaration caps dues increases at 5% per year cannot legally implement a reserve contribution increase that requires a 10%, 15%, or 20% total budget increase in a single year. To comply with LL-2026-03's timeline, such associations would need to either amend their declaration -- requiring a member vote of more than 50% and up to 67% of all allocated votes -- or obtain special assessment approval. Both processes require time and member engagement that the compressed compliance window does not accommodate.

No State Enforcement Mechanism Creates a Market Failure Risk

In every other state reviewed in this series, there is at least a nominal state-level oversight mechanism for HOA financial compliance -- Florida's SIRS enforcement system, California's civil litigation framework, Nevada's Commission for Common-Interest Communities. Colorado has no state regulatory body with investigative or enforcement capabilities to address HOA financial issues. The Division of Real Estate explicitly states it has no jurisdiction to enforce CCIOA. Any dispute is a civil matter handled through private litigation or mediation. (<https://www.cohoalaw.com/category/governance/>)

This absence is consequential for LL-2026-03 compliance. When FHFA's new requirements create financial pressure that Colorado associations cannot quickly absorb, there is no state administrative body to which associations can apply for guidance, seek transition relief, or report implementation barriers. The entire compliance burden falls on individual boards, with no state support infrastructure -- and with the only consequence for non-compliance being the loss of GSE-backed financing for every unit in the building.

Colorado Data Points for Congressional Letters

1. **Colorado's mandatory reserve study requirement under HB22-1387 took effect January 1, 2025** -- less than 18 months before LL-2026-03 was issued. Many Colorado associations are completing their first professional reserve study now, making it impossible to have determined a "highest recommended allocation" in time to adjust their budget before January 4, 2027.
2. **CCIOA previously allowed internally prepared reserve studies to satisfy the study policy requirement**, meaning countless Colorado associations have reserve "studies" prepared by volunteer board members with no professional standards. These studies cannot satisfy Fannie Mae's requirements, and the associations holding them cannot determine their LL-2026-03 compliance status without commissioning a new professional study.
3. **Colorado has no state regulatory body with enforcement authority over HOA financial compliance**, meaning there is no state mechanism to help associations navigate LL-2026-03, issue compliance guidance, or accept applications for transition relief.
4. **Condo association insurance premiums in Colorado doubled from June 2022 to June 2023**, and premium increases of 200-572% in individual communities have already driven HOA dues up by hundreds of dollars per month per unit -- a cost

burden that makes FHFA's \$15-\$30 monthly estimate for reserve compliance deeply misleading as a description of actual total cost impact.

5. **Colorado ranks third in the country for wildfire risk and second for hail**, and Governor Polis has launched a formal state initiative to reduce homeowners insurance costs by \$800 per year as a housing affordability crisis response. A federal lending rule that adds further cost pressure to the same HOA budgets already struggling with insurance costs is not a modest adjustment in Colorado.
6. **Colorado condo prices are projected to fall 10-15% independently of LL-2026-03**, driven by rising HOA dues and special assessments. The reserve requirement increase will compound a market correction already underway.
7. **Many Colorado governing documents cap annual dues increases at 2-5%**, making it legally impossible for boards to implement the reserve contribution increases required by LL-2026-03 within a single budget cycle without either amending their declaration -- which requires a 50-67% member vote -- or levying a special assessment, which many declarations also restrict.
8. **The Colorado CCIOA budget process gives owners the right to veto a proposed budget** if a majority of owners vote against it. Boards trying to increase reserve contributions to meet LL-2026-03 face the risk of owner veto, particularly in communities already experiencing insurance-driven dues increases.