

THE HOA INFORMATION AND RESOURCE CENTER



Disclaimer

- **Note: The Information provided during this presentation is for educational purposes only and is not meant to provide or to be construed as legal advice. Any legal questions should be directed to your attorney.**

WHAT IS DORA?



COLORADO

Department of
Regulatory Agencies

Division of Real Estate

“DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer Protection is our mission.”

Colorado Revised Nonprofit Corporations Act

- Is a set of statutes that govern a Colorado nonprofit corporation with regard to its formation, operation and dissolution.
- This act governs in conjunction with the corporation's governing documents – bylaws.
- A common interest community (CIC) nonprofit corporation must also refer to the Colorado Common Interest Ownership Act (CCIOA), which has provisions that the CIC is subject to.

The Colorado Revised Nonprofit Corporations Act

- **C.R.S. § 7-121-101 to § 7-137-301**
- ARTICLE 121 - GENERAL PROVISIONS
- ARTICLE 122 - INCORPORATION
- ARTICLE 123 - PURPOSES AND POWERS
- ARTICLE 127 - MEMBERS' MEETINGS AND VOTING
- ARTICLE 128 - DIRECTORS AND OFFICERS
- ARTICLE 129 - INDEMNIFICATION
- ARTICLE 130 - AMENDMENT OF ARTICLES OF
INCORPORATION AND BYLAWS
- ARTICLE 134 – DISSOLUTION
- ARTICLE 136 - RECORDS, INFORMATION, AND
REPORTS

ARTICLE 121: GENERAL PROVISIONS

- **PART 2: FILING DOCUMENTS**
- **§ 7-121-201. Filing requirements.**
 - Colorado Secretary of State (SOS) requirements.
- **PART 4: DEFINITIONS**
- **§ 7-121-401. General definitions.**
 - Articles of Incorporation
 - Board of Directors
 - Bylaws
 - Member
- **§ 7-121-402. Notice.**
 - In person; telephone, telegraph, teletype, electronically transmitted, or other form of wire or wireless communication; or by mail or by private carrier.



ARTICLE 122: INCORPORATION

- **§ 7-122-101. Incorporators.**
 - One or more adult persons.
- **§ 7-122-102. Articles of incorporation.**
 - Defines what shall and may be stated:
 - Name; registered agent name\address; principal office and mailing addresses; name/address of incorporator(s); whether or not has voting members; initial directors; purpose(s) of the corporation; managing/regulating its affairs; defining its powers; if cumulative voting is permitted; rights and obligations of its members.
- **§ 7-122-103. Incorporation.**
 - When Articles are filed with the SOS – an effective date.
- **§ 7-122-106. Bylaws.**
 - Initial set of bylaws adopted.
 - Provisions for managing and regulating the affairs of the corporation.

ARTICLE 123: PURPOSES AND POWERS

§ 7-123-101. Purposes and applicability.

- Every non-profit corporation incorporated under articles 121 to 137 of this title has the purpose of engaging in any lawful business or activity unless a more limited purpose is stated in the articles of incorporation.

§ 7-123-102. General powers.

- Unless otherwise stated in the articles of incorporation, every non-profit corporation has perpetual duration and succession in its domestic entity name and has the same powers as an individual to do all things necessary or convenient to carry out its affairs, including (numerous powers listed in the statute).
- (See statute for all enumerated powers)

ARTICLE 127: MEMBERS' MEETINGS AND VOTING

- **PART 1: MEETINGS**

- **§ 7-127-101. Annual and regular meetings.**

- For members.

- **§ 7-127-102. Special meeting.**

- Procedures to call special meetings.

- **§ 7-127-103. Court-ordered meeting.**

- Application to the Court to hold or notice member meeting.

- **§ 7-127-104. Notice of meeting.**

- Notice consistent with its bylaws and in a fair and reasonable manner.



PART 2: VOTING

- **§ 7-127-201. Members list for meeting and action by written ballot.**
 - An alphabetical list of the names of all its members who are entitled to notice of, and to vote at, the meeting or to take such action by written ballot.
 - List made available for inspection.
- **§ 7-127-202. Voting entitlement generally.**
- **§ 7-127-203. Proxies.**
 - Unless otherwise provided by the bylaws, a member entitled to vote may vote or otherwise act in person or by proxy.
 - Appointment of a proxy (See statute section.)
- **§ 7-127-204. Nonprofit corporation's acceptance of votes.**
- **§ 7-127-205. Quorum and voting requirements for voting groups.**
 - A quorum must be present to vote. Unless otherwise provided in articles 121 to 137 of this title or the bylaws, twenty-five percent of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

ARTICLE 128: DIRECTORS AND OFFICERS

- **PART 1: BOARD OF DIRECTORS**
- **§ 7-128-101. Requirement for board of directors.**
- **§ 7-128-102. Qualifications of directors.** (an individual)
- **§ 7-128-103. Number of directors.** (one or more)
- **§ 7-128-104. Election, appointment, and designation of directors.** (process)
- **§ 7-128-105. Terms of directors generally.** (1 yr. or stated in bylaws)
- **§ 7-128-106. Staggered terms for directors.**
- **§ 7-128-107. Resignation of directors.** (by notice)
- **§ 7-128-108. Removal of directors.** (process)
- **§ 7-128-109. Removal of directors by judicial proceeding.**
- **§ 7-128-110. Vacancy on board.** (how to fill vacancy)
- **§ 7-128-111. Compensation of directors.** (Unless otherwise provided in the bylaws, the board of directors may authorize and fix the compensation of directors.)

PART 2: MEETINGS AND ACTION OF THE BOARD

- **§ 7-128-201. Meetings.**
 - May hold regular or special meetings.
- **§ 7-128-202. Action without meeting.**
 - Process for holding such meetings and notice.
- **§ 7-128-203. Notice of meeting.**
 - Unless otherwise provided in articles 121 to 137 of this title or in the bylaws, regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting.
- **§ 7-128-204. Waiver of notice.**
 - Director may waive notice of meeting.
- **§ 7-128-205. Quorum and voting.**
 - Unless a greater or lesser number is required by the bylaws, a quorum of a board of directors consists of a majority of the number of directors in office immediately before the meeting begins.
- **§ 7-128-206. Committees of the board.**
 - Board of directors may create one or more committees of the board and appoint one or more directors to serve on them.

PART 3: OFFICERS

- **§ 7-128-301. Officers.**
 - President, secretary, treasurer and other officers (VP)
- **§ 7-128-302. Duties of officers.**
- **§ 7-128-303. Resignation and removal of officers.**
- **§ 7-128-304. Contract rights with respect to officers.**

PART 4: STANDARDS OF CONDUCT

- **§ 7-128-401. General standards of conduct for directors and officers.**
 - **Shall discharge its' duties:**
 - In good faith;
 - With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - In a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation.
 - Can rely on information, opinions, reports, or statements prepared by others (See statute list).
- **§ 7-128-402. Limitation of certain liabilities of directors and officers.**
- **§ 7-128-403. Liability of directors for unlawful distributions.**

PART 5: DIRECTORS' CONFLICTING INTEREST TRANSACTIONS

- **§ 7-128-501. Conflicting interest transaction.**
- **(1)** "conflicting interest transaction" means: A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the nonprofit corporation, or between the nonprofit corporation and a party related to a director, or between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest.
- **(2)** No loans shall be made by a corporation to its directors or officers.
- **(3)** No conflicting interest transaction shall be void or voidable if (a) full disclosure of material facts to board and authorization by board; or (b) full disclosure of material facts to members and authorization by members; or (c) it is fair to the nonprofit corporation.
- (See statute section.)

ARTICLE 129: INDEMNIFICATION

- **§ 7-129-101. Indemnification definitions.**
- **§ 7-129-102. Authority to indemnify directors.**
 - A nonprofit corporation may indemnify a person made a party to a proceeding because the person is or was a director against liability incurred in the proceeding.
- **§ 7-129-103. Mandatory indemnification of directors.**
- **§ 7-129-107. Indemnification of officers, employees, fiduciaries, and agents.**
- **§ 7-129-108. Insurance.**
 - Directors and officer's liability coverage (D&O)

ARTICLE 130: AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

- **PART 1: AMENDMENT OF ARTICLES OF INCORPORATION**
- **§ 7-130-101. Authority to amend articles of incorporation.**
- **§ 7-130-102. Amendment of articles of incorporation by board of directors or incorporators.**
- **§ 7-130-104. Voting on amendments of articles of incorporation by voting groups.**

PART 2: AMENDMENT OF BYLAWS

- **§ 7-130-201. Amendment of bylaws by board of directors or members.**
- **§ 7-130-202. Bylaw changing quorum or voting requirement for members.**
- **§ 7-130-203. Bylaw changing quorum or voting requirement for directors.**

ARTICLE 134: DISSOLUTION

- **PART 1: VOLUNTARY DISSOLUTION**
- **§ 7-134-101.** Dissolution by incorporators or directors if no members.
- **§ 7-134-102.** Dissolution by directors and members.
- **§ 7-134-103.** Articles of dissolution.
- **PART 3: JUDICIAL DISSOLUTION**
- **PART 4: DISSOLUTION UPON EXPIRATION OF PERIOD OF DURATION**
- **§ 7-134-401.** Dissolution upon expiration of period of duration.

ARTICLE 136: RECORDS, INFORMATION, AND REPORTS

- **§ 7-136-101. Corporate records.**
 - What records must be maintained.
- **§ 7-136-102. Inspection of corporate records by members.**
 - What members are allowed to inspect and copy.
- **§ 7-136-103. Scope of member's inspection right.**
 - A member's agent or attorney has same inspection and copying rights.
- **§ 7-136-104. Court-ordered inspection of corporate records.**
 - If corporation refuses this right, can to go court.
- **§ 7-136-105. Limitations on use of membership list.**
 - May not be: (a) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the nonprofit corporation; (b) Used for any commercial purpose; or (c) Sold to or purchased by any person.
- **§ 7-136-106. Financial statements.** (must produce to members)
- **§ 7-136-107. Annual report to secretary of state.**

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THANK YOU

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