

*Colorado Legislative Council Staff Fiscal Note*  
  
**LOCAL**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0225  
**Prime Sponsor(s):** Sen. Lundberg  
 Rep. DelGrosso

**Date:** February 7, 2011  
**Bill Status:** Senate Judiciary  
**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING THE REQUIREMENTS FOR REDEMPTION OF A JUNIOR LIEN IN FORECLOSURE PROCEEDINGS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed. The bill applies to foreclosures in which a notice of intent to redeem is filed on or after that date.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> See the Local Government Impact section.		

**Summary of Legislation**

The bill limits the ability of a person to purchase a junior lien with high priority on property in foreclosure and to redeem the lien from the purchaser after the foreclosure sale. The bill allows the purchaser to pay off the junior lien at face value through the public trustee, without having to find and tender payment to the junior lienor and without giving the junior lienor an opportunity to refuse payment and redeem the property instead. Finally, the bill adds specific requirements for verifying the validity and amount of a debt enforced pursuant to the "Colorado Common Interest Ownership Act" on behalf of a unit owners' association.

**Local Government Impact**

The bill outlines the procedures affecting transactions between private parties regarding the redemption of a junior lien in foreclosure proceedings. The bill authorizes the public trustee to collect a fee of \$30 plus the applicable recording fee for each certificate of satisfaction that is filed with the trustee. A certificate of satisfaction is a formal document issued by a lender, certifying that the lien on the borrower's property has been released upon the payment of all due obligations. The trustee will need to create a new form and also modify the computer foreclosure management system

to show that the lien has been paid off. It is expected that the additional filing fee will cover the cost to implement the changes at the county level. Annual fee revenue to the public trustee has not been estimated.

**Departments Contacted**

Judicial      Local Affairs