

Colorado Legislative Council Staff Fiscal Note
NO FISCAL IMPACT

Drafting Number: LLS 09-0348**Date:** February 10, 2009**Prime Sponsor(s):** Rep. Ferrandino
Sen. Carroll M.**Bill Status:** House Business Affairs and Labor**Fiscal Analyst:** Harry Zeid (303-866-4753)

TITLE: CONCERNING A DELAY IN THE FORECLOSURE OF RESIDENTIAL PROPERTY FOR ELIGIBLE BORROWERS.

Summary of Legislation

The bill allows an eligible borrower to defer a foreclosure sale on a residential property for 90 days. The borrower must contact a foreclosure counselor within 20 days after the notice of election and demand is received by the public trustee of the county in which the property is located. A notice of election and demand is the document that starts the foreclosure process once recorded. A foreclosure counselor is defined as a housing counselor employed by an agency approved by the United States Department of Housing and Urban Development, including housing counselors affiliated with the Colorado Foreclosure Hotline and the Hope for Homeowners Hotline. Foreclosure counselors would have immunity and would not be liable to any person for approving or failing to approve a borrower for a foreclosure deferment or for certifying or declining to certify an early termination.

If a loan holder receives notice that a borrower is eligible for a loan deferment, the loan holder must defer the foreclosure for 90 days. The bill identifies criteria that a foreclosure counselor must consider when determining whether a borrower is eligible for a loan deferment. The borrower must make payments during the 90-day deferment period equal to two-thirds of the monthly payment due prior to delinquency, plus one-twelfth of the annual amount due for taxes and insurance.

The Division of Housing in the Department of Local Affairs would provide a description of the foreclosure deferment program to foreclosure counselors. The division would also develop a standard form in English and Spanish that can be posted on the front door of a property that is the subject of a notice of election and demand that provides information regarding how to pursue a mortgage foreclosure deferment. The bill is repealed, effective June 30, 2011.

The bill is effective upon signature of the Governor, or upon becoming law without his signature.

Assessment

The bill will not impact state or local revenue or expenditures, and is assessed as having no fiscal impact. The Division of Housing will develop and maintain a list of certified housing counselors and will develop the form to be posted on doors of property that are subject to foreclosure. These functions can be accomplished within the division's existing budget.

Departments Contacted

Local Affairs