

**FINAL
FISCAL NOTE**

Drafting Number: LLS 11-0225	Date: June 6, 2011
Prime Sponsor(s): Sen. Lundberg Rep. DelGrosso	Bill Status: Postponed Indefinitely
	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
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: The bill was postponed indefinitely by the Senate Judiciary Committee on February 16, 2011.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: 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