



*Colorado Legislative Council Staff Fiscal Note*  
**NO FISCAL IMPACT**

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**Drafting Number:** LLS 11-0710**Date:** February 14, 2011**Prime Sponsor(s):** Rep. Gardner D.**Bill Status:** House Economic & Business Development**Fiscal Analyst:** Harry Zeid (303-866-4753)

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**TITLE:** CONCERNING THE PRIORITY OF LIENS IN FORECLOSURE PROCEEDINGS, AND, IN CONNECTION THEREWITH, AMENDING PROVISIONS GOVERNING ENFORCEMENT OF THE LIEN GRANTED TO A UNIT OWNERS' ASSOCIATION UNDER THE "COLORADO COMMON INTEREST OWNERSHIP ACT".

### **Summary of Legislation**

Under current law, a homeowners' association (HOA) can file a lien for past-due assessments and other charges. The most recent 6 months' worth of assessments are granted a superpriority status over all other liens, including the mortgage on the unit. HB11-1197 amends and clarifies the rights of the HOA in foreclosure proceedings as they pertain to the superpriority portion of the lien granted under the Colorado Common Interest Ownership Act.

The bill takes effect August 10, 2011, assuming the General Assembly adjourns May 11, 2011, as scheduled and no referendum petition is filed. The bill applies to foreclosure actions in which the notice of election and demand (NED) is filed on or after that date. A NED is the first legal document recorded with the Clerk and Recorder's office to provide public notice that a property is involved in a foreclosure action.

### **Assessment**

The bill outlines procedures affecting transactions between private parties regarding the priority of liens in foreclosure proceedings. Since the bill is not expected to impact the number of foreclosure actions filed, the bill is assessed at no fiscal impact.

### **Departments Contacted**

Regulatory Agencies

Judicial

Local Affairs