



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

**Drafting Number:** LLS 11-0267  
**Prime Sponsor(s):** Rep. Ferrandino

**Date:** January 17, 2011  
**Bill Status:** House Economic & Business Development  
**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING EFFORTS TO REDUCE THE NUMBER OF FORECLOSURES IN COLORADO, AND, IN CONNECTION THEREWITH, CONTINUING THE FORECLOSURE DEFERMENT PROGRAM.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

Under current law, the foreclosure deferment program in the Department of Local Affairs (DOLA) is scheduled to expire on June 30, 2011. The foreclosure deferment provides for a period of up to 90 days during which the public trustee of the county in which a foreclosed property is located delays the scheduled sale of the property, subject to a notice of election and demand. This bill extends the program for an additional five years through June 30, 2016.

**Background**

In Colorado, the public trustee in each county manages the release of deeds of trust and foreclosure of deeds of trust on properties within the county. As an intermediary, the public trustee provides for a system of checks and balances between the borrower and lender.

Current law establishes procedures for foreclosure sales, including publication requirements for the public trustee of a combined notice that contains a notice of election and demand with information concerning the foreclosure. An eligible borrower may receive a 90-day foreclosure deferment if the borrower meets all of the requirements established in statute. When the deferment has been terminated or has ended, the public trustee is authorized to collect a \$75 fee prior to publication of the combined notice. The notice must be sent to the required parties within 20 calendar days after the completion of the deferment.

### **State Expenditures**

The bill will not impact state revenue or expenditures. Current law requires the Colorado Division of Housing in DOLA to provide a document that informs homeowners of the possibility to obtain a 90-day foreclosure deferment. The division also maintains the Colorado Foreclosure Hotline to connect borrowers with non-profit housing counselors who can provide information on a borrower's options when facing foreclosure.

No state expenditures are required to maintain these documents or to provide additional information on the department's website. Furthermore, the department indicates that since the information is posted on their website, they seldom get telephone calls from individuals seeking information about the program.

### **Local Government Impact**

The bill extends the authority, through June 30, 2016, of a public trustee to collect a \$75 fee from a homeowner after a deferment period has ended. A small revenue impact to counties may occur through collection of the fee in the future.

It appears that only a small percentage of properties eligible for the deferment program have actually taken advantage of the program. For example, in Adams County, 6,222 properties were potentially eligible for the deferment program between August, 2009 and December, 2010. Of those, 101 were actually approved to participate in the program, and only 68 individuals took advantage of the deferment. Adams County collected \$5,100 from the \$75 fee throughout the 17-month period.

### **Departments Contacted**

Local Affairs