

**NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**

# An Act

SENATE BILL 11-206

BY SENATOR(S) Boyd, Foster, Guzman, Lundberg, White;  
also REPRESENTATIVE(S) Bradford, Barker, Coram, Court, Kefalas,  
Schafer S., Wilson.

CONCERNING THE EXEMPTION OF CERTAIN NONCOMMERCIAL  
MORTGAGE-RELATED ACTIVITIES FROM THE "MORTGAGE LOAN  
ORIGINATOR LICENSING AND MORTGAGE COMPANY REGISTRATION  
ACT".

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1. Legislative declaration.** (1) The general assembly hereby finds that:

- (a) Colorado is currently experiencing a deep economic recession;
- (b) The housing market is vital to any economic recovery in Colorado;
- (c) The recovery of housing markets in Colorado, much like other states, is impeded by tight credit market conditions, the inability of borrowers to receive the financing necessary to purchase real property and thereby relieve the markets of excess inventory, and the inability of owners

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

to receive the financing necessary to maintain housing in a safe and habitable condition; and

(d) In order for excess inventory to be consumed and existing inventory to be rehabilitated or maintained, and thereby the housing market to recover, real property in Colorado must have the ability to be conveyed using all available means of financing and entities and organizations must have the ability to utilize all available means of investment in real property and in housing finance tools.

**SECTION 2.** 12-61-902, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to read:

**12-61-902. Definitions.** As used in this part 9, unless the context otherwise requires:

(1.2) "AFFORDABLE HOUSING DWELLING UNIT" MEANS AN AFFORDABLE HOUSING DWELLING UNIT AS DEFINED IN SECTION 29-26-102, C.R.S.

(1.7) "COMMUNITY DEVELOPMENT ORGANIZATION" MEANS ANY COMMUNITY HOUSING DEVELOPMENT ORGANIZATION OR COMMUNITY LAND TRUST AS DEFINED BY THE FEDERAL "CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT OF 1990" OR A COMMUNITY-BASED DEVELOPMENT ORGANIZATION AS DEFINED BY THE FEDERAL "HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974", THAT IS ALSO EITHER A PRIVATE OR PUBLIC NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (a) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" PURSUANT TO SECTION 501 (c) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 26 U.S.C. SEC. 501 (a) AND 501 (c), AND THAT RECEIVES FUNDING FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, COLORADO DIVISION OF HOUSING, COLORADO HOUSING AND FINANCE AUTHORITY, OR UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT, OR THROUGH A GRANTEE OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, PURELY FOR THE PURPOSE OF COMMUNITY HOUSING DEVELOPMENT ACTIVITIES.

(4.6) "HUD-APPROVED HOUSING COUNSELING AGENCY" MEANS AN AGENCY THAT IS EITHER A PRIVATE OR PUBLIC NONPROFIT ORGANIZATION

THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (a) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" PURSUANT TO SECTION 501 (c) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 26 U.S.C. SEC. 501 (a) AND 501 (c), AND APPROVED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ACCORDANCE WITH THE HOUSING COUNSELING PROGRAM HANDBOOK SECTION 7610.1 AND 24 CFR 214.

(7.6) "QUASI-GOVERNMENT AGENCY" MEANS AN AGENCY THAT IS EITHER A PRIVATE OR PUBLIC NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (a) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" PURSUANT TO SECTION 501 (c) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 26 U.S.C. SEC. 501 (a) AND 501 (c), AND WAS CREATED TO OPERATE IN ACCORDANCE WITH ARTICLE 4 OF TITLE 29, C.R.S., AS A PUBLIC HOUSING AUTHORITY.

(9.5) "SELF-HELP HOUSING ORGANIZATION" MEANS A PRIVATE OR PUBLIC NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (a) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986" PURSUANT TO SECTION 501 (c) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", 26 U.S.C. SEC. 501 (a) AND 501 (c), AND THAT PURELY ORIGINATES RESIDENTIAL MORTGAGE LOANS WITH INTEREST RATES NO GREATER THAN ZERO PERCENT FOR BORROWERS WHO HAVE PROVIDED PART OF THE LABOR TO CONSTRUCT THE DWELLING SECURING THE LOAN OR THAT RECEIVES FUNDING FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT SECTION 502 MUTUAL SELF-HELP HOUSING PROGRAM FOR BORROWERS THAT HAVE PROVIDED PART OF THE LABOR TO CONSTRUCT THE DWELLING SECURING THE LOAN.

**SECTION 3.** The introductory portion to 12-61-904 (1), Colorado Revised Statutes, is amended, and the said 12-61-904 (1) is further amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to read:

**12-61-904. Exemptions - rules.** (1) Except as otherwise provided in section 12-61-911, this part 9 ~~shall~~ DOES not apply to the following, UNLESS OTHERWISE DETERMINED BY THE FEDERAL BUREAU OF CONSUMER FINANCIAL PROTECTION OR THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

(h) TO THE EXTENT THAT IT IS PROVIDING PROGRAMS BENEFITTING

AFFORDABLE HOUSING DWELLING UNITS, AN AGENCY OF THE FEDERAL GOVERNMENT, THE COLORADO GOVERNMENT, OR ANY OF COLORADO'S POLITICAL SUBDIVISIONS OR EMPLOYEES OF AN AGENCY OF THE FEDERAL GOVERNMENT, OF THE COLORADO GOVERNMENT, OR OF ANY OF COLORADO'S POLITICAL SUBDIVISIONS;

(i) QUASI-GOVERNMENT AGENCIES, HUD-APPROVED HOUSING COUNSELING AGENCIES, OR EMPLOYEES OF QUASI-GOVERNMENT AGENCIES OR HUD-APPROVED HOUSING COUNSELING AGENCIES;

(j) COMMUNITY DEVELOPMENT ORGANIZATIONS OR EMPLOYEES OF COMMUNITY DEVELOPMENT ORGANIZATIONS;

(k) SELF-HELP HOUSING ORGANIZATIONS OR EMPLOYEES OF SELF-HELP HOUSING ORGANIZATIONS OR VOLUNTEERS ACTING AS AN AGENT OF SELF-HELP HOUSING ORGANIZATIONS.

**SECTION 4.** 12-61-904, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**12-61-904. Exemptions - rules.** (3) THE BOARD MAY ADOPT REASONABLE RULES MODIFYING THE EXEMPTIONS IN THIS SECTION IN ACCORDANCE WITH RULES ADOPTED BY THE FEDERAL BUREAU OF CONSUMER FINANCIAL PROTECTION OR THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

**SECTION 5. Safety clause.** The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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Brandon C. Shaffer  
PRESIDENT OF  
THE SENATE

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Frank McNulty  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

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Cindi L. Markwell  
SECRETARY OF  
THE SENATE

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Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

APPROVED \_\_\_\_\_

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John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO