

Housing and Property

Foreclosures and Loan Modifications

HB 14-1295 (Enacted)

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HB 14-1312 (Enacted)

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HB 14-1143 (Postponed Indefinitely)

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HB 14-1254 (Enacted)

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Construction and Property Valuation

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*Statutory Property Valuation
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*Private Construction Contract
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*State-level Affordable Housing
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SB 14-219 (Postponed Indefinitely)

*Owner-occupied Affordable Housing
Study*

HB 14-1017 (Enacted)

*Expand Availability of Affordable
Housing*

Miscellaneous

SB 14-209 (Enacted)

*Insurer Investments in Real Property
National Association of Insurance
Commissioners (NAIC) Model*

Several bills were introduced during the 2014 General Assembly concerning housing and property. Issues addressed include: qualifications for arbitrators in property valuation cases, requirements for construction contract costs, modifications to loans resulting in foreclosure, and changes to common interest communities. In addition, the General Assembly heard bills concerning affordable housing in Colorado and insurer investments in mortgage loans.

Foreclosures and Loan Modifications

House Bill 14-1295 establishes requirements regarding loans that result in a foreclosure. The act requires a lender to establish a single point of contact with the borrower to communicate foreclosure matters. The act prohibits the process of "dual tracking" when a lender simultaneously negotiates with a borrower and pursues foreclosure with the public trustee. The measure also requires additional language in foreclosure notices. Specifically, the lender's foreclosure notice to the borrower must disclose that it is illegal for a foreclosure consultant to require a deposit or charge fees in advance of providing services. In addition, both the public trustee's combined notice and the lender or servicer's posted notice must include a statement regarding the borrower's ability to file a complaint with state and federal authorities if the borrower believes the lender or servicer has violated certain provisions of the bill.

House Bill 14-1312 extends the foreclosure deferment program in the Department of Local Affairs from June 30, 2014, to September 1, 2015. When a borrower is deemed eligible, foreclosure deferment requires the public trustee of a county to delay the scheduled sale of a foreclosed property for up to 90 days.

Common Interest Communities

Current law prohibits a home owners' association (HOA) from sharing the personal contact information of members or residents in a common interest community. **House Bill 14-1125** permits an HOA to publish members' and residents' contact information, provided the person gives the HOA prior written consent.

House Bill 14-1254 requires a licensed community association manager who provides services for an HOA to fully disclose to the HOA all service fees and charges that will be billed either to the HOA or to unit owners. In addition, the community association manager is required to disclose all remuneration the manager will receive in connection with its relationship with the HOA. The Division of Real Estate in the Department of Regulatory Agencies (DORA) may regulate, investigate, and take disciplinary action against a manager for a violation of these provisions.

One measure concerning common interest communities was postponed indefinitely during the 2014 General Assembly. **House Bill 14-1143** would have defined a residential storage condominium unit as a residential improvement and made changes to the Colorado Common Interest Ownership Act accordingly. As a result, property taxes for the units would have been assessed at residential real property rate of 7.96 percent of actual value instead of the nonresidential property rate of 29 percent of actual value.

Construction and Property Valuation

Senate Bill 14-080 simplifies the qualifications for individuals to be listed as an arbitrator in property valuation cases. To serve as an arbitrator, the individual must be experienced in property taxation and hold a Colorado real estate appraiser license, but is not required to possess any additional qualifications.

One measure concerning construction contracts was postponed indefinitely during the 2014 General Assembly. **House Bill 14-1165** would have required 95 percent of all costs under a construction contract to be paid at the time they were invoiced and due according to the contractual payment schedule. The bill would not have applied to projects with a total contract value less than \$150,000, contracts concerning residential buildings with four or fewer dwelling units, contracts for one single-family dwelling, or construction contracts with a public entity.

Affordable Housing

House Bill 14-1017 makes changes to the Home Investment Trust Fund and the Housing Development Grant Fund under the Division of Housing (DOH) in the Department of Local Affairs (DOLA). Specifically, the measure:

- allows the trust fund and the grant fund to receive moneys from federal grants, as well as gifts, grants, and donations from any other organization, entity, or individual;

- allows no more than three percent of the moneys from the trust fund and the grant fund to be used for administrative costs; and
- requires the DOH to give priority of the loans or grants to owners of property that has been destroyed or damaged by a declared natural disaster.

In addition, the measure makes the following changes to the Home Investment Trust Fund:

- renames the trust fund to the Housing Investment Trust Fund;
- removes the provisions that the fund be governed by federal regulations related to the Home Investment Partnerships Program;
- expands the eligible grantees from the fund by removing the restriction that loans be made to only local housing authorities, public nonprofit corporations, or private nonprofit corporations;
- eliminates the requirement that loans from the fund be used for development or redevelopment incurred prior to the occupancy of low-or moderate income housing;
- allows for a continuous appropriation to the fund for DOH; and
- allows the DOH to charge a fee for loans made from the fund for administration costs.

The measure restores an income tax credit to owners of qualified low-income housing developments. The measure authorizes the Colorado Housing and Finance Authority (CHFA) to issue \$20 million of income tax credits in 2015 and 2016 and requires CHFA to provide a report to the General Assembly on how the income tax credits addressed the need for affordable housing.

Two bills concerning affordable housing were lost during the 2014 General Assembly. **Senate Bill 14-216**, which was lost in the Senate, would have required the director of the DOH to design a proposal for state-level affordable housing incentives that provide insurance premium rebates for developers creating multi-family, owner-occupied affordable housing. The director would have been required to confer with interested parties when developing the proposed incentives and to obtain State Housing Board approval prior to implementing any incentives. In addition, the act would have created the Affordable Housing Incentive Cash Fund and would have authorized the DOLA to seek and accept gifts, grants, or private donations for the fund to be used to provide the insurance premium rebates. **Senate Bill 14-219**, which was postponed indefinitely, would have required that the DOH, in consultation with other governmental agencies and private-sector entities, study and assemble data on the effects of various factors on new owner-occupied affordable housing in Colorado.

Miscellaneous

Senate Bill 14-209 conforms statute to the recommendations of the National Association of Insurance Commissioners (NAIC) concerning investments by insurers in mortgage loans and similar instruments secured by interests in real estate. The bill modifies these restrictions by allowing investments in loans secured by property in both the United States and Canada and modifying allowable loan-to-value ratios to be:

- 90 percent for purchase-money mortgages if the insurer holds the note;
- 80 percent for commercial property if the payment schedule meets certain requirements; and
- 75 percent in all other cases.