



Legislative Council Staff

Research Note

Version: Final

Date: 10/6/2016

Bill Number

House Bill 16-1356

Sponsors

**Representatives Kraft-Tharp & Nordberg
Senators Jahn & Holbert**

Short Title

Debts Secured By Liens On Real Property

Research Analyst

Luisa Altmann (x3518)

Status

This research note reflects the final version of the bill, which became effective on August 10, 2016.

Summary

This bill modifies the treatment of a line of credit lien secured with real property (i.e. a home equity line of credit) that has been satisfied. Under the bill, the lien continues and no release is required until the line of credit expires and the debt is satisfied, unless the debtor:

- relinquishes all right to make further use of the line of credit by either requesting, in writing, that the line of credit be cancelled; or
- provides notice that the property is being conveyed upon payment of the debt.

In case of a conveyance, upon satisfaction of the debt in connection with the conveyance and notice to the creditor or holder of the conveyance, the creditor or holder is required to terminate the line of credit; record the release of the lien, or, in the case of a deed of trust, file with the public trustee the documents required for release; and return all papers and personal property.

Background

Colorado law requires that, unless otherwise provided, when debt that is secured by a lien on real property has been satisfied, the creditor must record documents required to release the lien within 90 days of the satisfaction of the indebtedness, unless the debtor requests in writing that the

lien not be released.

House Action

House Business Affairs and Labor Committee (April 5, 2016). The committee referred the bill, unamended, to the House Committee of the Whole.

House second reading (April 7, 2016). The House passed the bill, unamended, on second reading.

House third reading (April 8, 2016). The House passed the bill, unamended, on third reading.

Senate Action

Senate Finance Committee (April 19, 2016). At the hearing, representatives from the Colorado Bankers Association and Land Title Association of Colorado testified in support of the bill. The committee referred the bill, unamended, to the Senate Committee of the Whole, with a recommendation that it be placed on the consent calendar.

Senate second reading (April 22, 2016). The Senate passed the bill, unamended, on second reading.

Senate third reading (April 25, 2016). The Senate passed the bill, unamended, on third reading.