



Colorado  
Legislative  
Council  
Staff

Bill 4

FISCAL NOTE

**FISCAL IMPACT:** ☒ State ☐ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

**Drafting Number:** LLS 17-0117

**Date:** September 14, 2016

**Prime Sponsor(s):**

**Bill Status:** Wildfire Matters Review Committee  
Bill Request

**Fiscal Analyst:** Anna Gerstle (303-866-4375)

**BILL TOPIC:** REVERSE MORTGAGE REPAYMENT WHEN HOME UNINHABITABLE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue			
State Expenditures	Minimal workload decrease.		
Appropriation Required: None.			
Future Year Impacts: Ongoing minimal workload decrease.			

**Summary of Legislation**

A reverse mortgage provides a cash advance to the borrower based on the equity in the borrower's principal residence. Under current law, the borrower must repay the advance if he or she does not occupy the home as their principal residence, with exceptions for temporary absences of up to 60 days or, if the property is adequately secured, up to one year.

The bill adds an additional exception to the principal residence requirement for borrowers who are unable to live in their home for at least 60 days and fewer than five years due to a natural disaster or incident beyond the borrower's control making the home uninhabitable. The bill applies to reverse mortgages for homes that are rendered uninhabitable by a natural disaster occurring on or after the effective date of the bill.

**State Expenditures**

The bill may decrease the workload in the Judicial Department beginning in FY 2016-17. Because fewer reverse mortgages may become due and payable as a result of the new exception created by the bill, there may be a decrease in civil actions filed to collect a reverse mortgage advance. Any decrease in workload is expected to be minimal.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Clerk and Records  
Regulatory Agencies

Judicial  
Sheriffs

Law  
Treasury