

CHAPTER 440

FINANCIAL INSTITUTIONS

HOUSE BILL 23-1266

BY REPRESENTATIVE(S) Brown and Ricks, Amabile, Bird, Dickson, English, Hamrick, Herod, Jodeh, Lieder, Lindsay, Lindstedt, McCormick, Michaelson Jenet, Snyder, Valdez, Weissman;
also SENATOR(S) Jaquez Lewis and Buckner, Cutter, Exum, Fields, Marchman, Moreno, Priola, Winter F., Fenberg.

AN ACT

CONCERNING THE SUSPENSION OF A REVERSE MORTGAGE FROM THE REPAYMENT REQUIREMENT WHEN A FORCE MAJEURE RENDERS THE SUBJECT PROPERTY UNINHABITABLE AS A PRINCIPAL RESIDENCE.

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

SECTION 1. In Colorado Revised Statutes, 11-38-102, **amend** the introductory portion; and **add** (1.3) as follows:

11-38-102. Definitions. As used in this ~~article~~ ARTICLE 38, unless the context otherwise requires:

(1.3) "FORCE MAJEURE" MEANS FIRE, EXPLOSION, ACTION OF THE ELEMENTS, UNUSUALLY SEVERE WEATHER, ACT OF GOD, ACT OF WAR, OR ANY OTHER CAUSE THAT IS BEYOND THE CONTROL OF THE BORROWER AND THAT COULD NOT HAVE BEEN PREVENTED BY THE BORROWER WHILE EXERCISING REASONABLE DILIGENCE.

SECTION 2. In Colorado Revised Statutes, 11-38-107, **add** (2)(b.5) as follows:

11-38-107. Repayment. (2) The repayment requirement described in subsection (1) of this section is also expressly subject to the following additional conditions:

(b.5) (I) TO THE EXTENT ALLOWABLE BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S REGULATIONS AND POLICIES, A TEMPORARY ABSENCE FROM THE HOME, IF THE ABSENCE IS A RESULT OF A NATURAL DISASTER OR OTHER FORCE MAJEURE RENDERING THE HOME TEMPORARILY UNINHABITABLE, DOES NOT CAUSE THE REVERSE MORTGAGE TO BECOME DUE AND PAYABLE IF:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(A) THE BORROWER IS ENGAGED IN REPAIRING THE HOME WITH THE INTENT TO REOCCUPY THE HOME AS A PRINCIPAL RESIDENCE OR TO SELL THE HOME;

(B) THE BORROWER STAYS IN COMMUNICATION WITH AND REASONABLY RESPONDS TO INQUIRIES FROM THE LENDER WHILE THE HOME IS BEING REPAIRED;

(C) THE BORROWER COMPLIES WITH ALL OTHER TERMS AND CONDITIONS OF THE REVERSE MORTGAGE; AND

(D) THE REPAIRING OR REBUILDING OF THE HOME DOES NOT REDUCE THE LENDER'S SECURITY.

(II) AT THE TIME OF CLOSING, THE LENDER SHALL DISCLOSE THE REQUIREMENTS OF SUBSECTION (2)(b.5)(I) OF THIS SECTION TO THE BORROWER IN WRITING.

SECTION 3. Applicability. This act applies to reverse mortgages for a home rendered uninhabitable by a natural disaster or other force majeure that occurs on or after the effective date of this act.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Approved: June 7, 2023