



TO: Senate Local Government & Housing Committee Chair Sen. Tony Exum, Vice Chair Sen. Julie Gonzales, Sen. Mark Baisley, Sen. Larry Liston, Sen. Janice Rich, Sen. Marc Snyder, and Sen. Faith Winter

March 12, 2025 HB25-1043 Owner Equity Protection in Homeowners' Association Foreclosure Sales SUPPORT

Dear Members of the Senate Local Government & Housing Committee:

My name is Mary Anne Davitt, and I live in Broomfield, CO. As a member of the Legislative Action Committee for the League of Women Voters of Colorado (LWVCO), I am representing the League regarding HB25-1043 Owner Equity Protection in Homeowners' Association Foreclosure Sales. LWVCO is a nonpartisan organization that encourages active participation in government. The Colorado League has 1900 members in 19 local Leagues spanning the state. LWVCO members urge you to vote in SUPPORT of HB25-1043 Owner Equity Protection in Homeowners' Association Foreclosure Sales.

The League of Women Voters of Colorado recognizes the importance of home ownership and equity building for individuals, and that owning a home in a homeowners association (HOA) is an excellent way for homeowners to own a home and build equity in a controlled environment. In addition, LWVCO recognizes the right of HOAs to collect the dues and fees outlined in their governing documents, in order to carry out the work of the HOA. And LWVCO recognizes the right of HOAs to use legal enforcement actions to collect overdue HOA fees from owners.

However, under current law, an HOA may foreclose on a delinquent owner's unit, and sell the unit for only the amount owed to the HOA. This amount may be a small fraction of the unit's fair market value, and may represent a small fraction of the equity the owner has in the unit, which equity the owner could lose in the foreclosure sale. The mortgage lender could also lose its investment, owing to the fact that the HOA has the priority lien. This could have serious adverse consequences for the unit owner's credit rating, which is so important for obtaining affordable home loans.

HB25-1043 Owner Equity Protection in Homeowners' Association Foreclosure Sales requires a foreclosing HOA to offer a bid on the foreclosed-on property at auction in an amount equal to at least 80% of the fair market value, if the property is placed for auction. It also requires the HOA to provide unit owners with information about credit counseling services at least thirty days before initiating a foreclosure.

This bill would protect the owner's equity and credit rating, while still protecting the HOA's right to recover the fees and charges owed to it by the owner. The bill would also protect the mortgage lender's investment.

The League of Women Voters of Colorado urges you to vote **YES** on HB25-1043 Owner Equity Protection in Homeowners' Association Foreclosure Sales.

Sincerely,

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