HB13-1017

Colorado Legislative Council Staff Fiscal Note

STATE
REVISED FISCAL IMPACT

(replaces fiscal note dated January 14, 2013)

Drafting Number:	LLS 13-0286	**Date:**	February 18, 2013
Prime Sponsor(s):	Rep. Lebsock	**Bill Status:**	Senate Judiciary
	Sen. Tochtrop; Giron	**Fiscal Analyst:**	Alex Schatz (303-866-4375)

TITLE: CONCERNING A REQUIREMENT THAT SUCCESSOR SERVICERS OF RESIDENTIAL MORTGAGE LOANS FOLLOW THROUGH WITH LOAN MODIFICATIONS OFFERED TO BORROWERS, AND, IN CONNECTION THEREWITH, REQUIRING A SERVICER TO INFORM A SUCCESSOR SERVICER OF THE TERMS OF ANY MODIFICATION OFFER UPON ANY TRANSFER OF SERVICING RIGHTS FOR THE LOAN.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature, and applies to loan modification offers made on or after that date.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

This ***reengrossed*** bill provides that the acceptance of a loan modification by a borrower will be honored when the loan is transferred to a new loan servicer, provided that the borrower's acceptance occurs prior to the sale or transfer of servicing rights. The transfer of servicing rights to a residential mortgage obligates a new servicer to continue processing any pending loan modification request and honor any loan modification entered into by the prior servicer. At the time of transfer, the prior servicer must disclose any pending loan modifications to the new servicer.

A borrower injured by a violation of the bill by a servicer may file a civil claim. If a court finds the borrower has been damaged by a violation, the borrower is entitled to actual damages, $1,000 in punitive damages, and attorney fees and costs.

State Expenditures

The bill results in a minimal increase in the caseload of Colorado trial courts. New cases will occur when borrowers claim a servicer or lender has not complied with the bill. This fiscal note assumes that lenders will generally comply with the bill. Any increase in trial court caseload will be managed within existing appropriations.

The Division of Real Estate in the Department of Regulatory Agencies (DORA) enforces registration of mortgage companies, potentially including mortgage companies acting as loan servicers, with the nationwide mortgage licensing system. The bill does not affect a residential mortgage lender's existing duties as a mortgage company, and DORA has no new enforcement role under the bill.

Departments Contacted

Judicial Branch	Regulatory Agencies	Local Affairs
Law	Property Taxation	