

**First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 17-0867.01 Thomas Morris x4218

**SENATE BILL 17-127**

---

**SENATE SPONSORSHIP**

**Tate,**

**HOUSE SPONSORSHIP**

**Pabon,**

---

**Senate Committees**

Business, Labor, & Technology

**House Committees**

---

**A BILL FOR AN ACT**

101      **CONCERNING AN EXPANSION OF THE EXEMPTION FROM THE**  
102            **REQUIREMENTS THAT APPLY TO A MORTGAGE LOAN**  
103            **ORIGINATOR TO INCLUDE UP TO THREE LOANS PER YEAR**  
104            **WITHOUT COMPENSATION BETWEEN FAMILY MEMBERS.**

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Current law defines a mortgage loan originator as an individual who offers or negotiates terms of a residential mortgage loan, including to any family member, but there is an exemption for a parent who acts as

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

SENATE  
2nd Reading Unamended  
February 9, 2017

a loan originator in providing loan financing to his or her child. The bill expands the exemption to include up to 3 loans per year without compensation, other than interest, between family members, and directs the board of mortgage loan originators to define "family member" by rule.

---

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-61-904, **amend**  
3 (1)(b)(II) as follows:

4 **12-61-904. Exemptions - rules.** (1) Except as otherwise provided  
5 in section 12-61-905.5, this part 9 does not apply to the following, unless  
6 otherwise determined by the federal bureau of consumer financial  
7 protection or the United States department of housing and urban  
8 development:

9 (b) With respect to a residential mortgage loan:

10 (II) ~~A parent~~ AN INDIVIDUAL who acts as a MORTGAGE loan  
11 originator, WITHOUT COMPENSATION OR GAIN TO THE MORTGAGE LOAN  
12 ORIGINATOR, in providing loan financing FOR NOT MORE THAN THREE  
13 RESIDENTIAL MORTGAGE LOANS IN ANY TWELVE-MONTH PERIOD to ~~his or~~  
14 ~~her child~~ A FAMILY MEMBER OF THE INDIVIDUAL. THE BOARD SHALL  
15 DEFINE "FAMILY MEMBER" BY RULE. FOR PURPOSES OF THIS EXEMPTION  
16 ONLY, "COMPENSATION OR GAIN" EXCLUDES ANY INTEREST PAID UNDER  
17 THE LOAN FINANCING PROVIDED.

18 **SECTION 2. Act subject to petition - effective date -**  
19 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
20 the expiration of the ninety-day period after final adjournment of the  
21 general assembly (August 9, 2017, if adjournment sine die is on May 10,  
22 2017); except that, if a referendum petition is filed pursuant to section 1  
23 (3) of article V of the state constitution against this act or an item, section,

1 or part of this act within such period, then the act, item, section, or part  
2 will not take effect unless approved by the people at the general election  
3 to be held in November 2018 and, in such case, will take effect on the  
4 date of the official declaration of the vote thereon by the governor.

5 (2) This act applies to conduct occurring on or after the applicable  
6 effective date of this act.