

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 23-0923.01 Josh Schultz x5486

HOUSE BILL 23-1266

HOUSE SPONSORSHIP

Brown and Ricks,

SENATE SPONSORSHIP

(None),

House Committees

Transportation, Housing & Local Government

Senate Committees

A BILL FOR AN ACT

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

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>.)

Under current law, the borrower in a reverse mortgage transaction is relieved of the obligation to occupy the subject property as a principal residence if the borrower is temporarily absent for up to 60 days or, if the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

property is adequately secured, for up to one year. The bill adds a third exception to the principal-residence requirement to cover situations in which a natural disaster or other serious incident beyond the borrower's control renders the property uninhabitable and the borrower is engaged in repairing the home with the intent of reoccupying the home as a principal residence, offering the home for sale, or selling the home. The maximum time allowable for a temporary absence under these circumstances is 5 years.

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

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

4 **11-38-102. Definitions.** As used in this ~~article~~ ARTICLE 38, unless
5 the context otherwise requires:

6 (1.3) "FORCE MAJEURE" MEANS FIRE, EXPLOSION, ACTION OF THE
7 ELEMENTS, UNUSUALLY SEVERE WEATHER, ACT OF GOD, ACT OF WAR, OR
8 ANY OTHER CAUSE THAT IS BEYOND THE CONTROL OF THE BORROWER AND
9 THAT COULD NOT HAVE BEEN PREVENTED BY THE BORROWER WHILE
10 EXERCISING REASONABLE DILIGENCE.

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

13 **11-38-107. Repayment.** (2) The repayment requirement
14 described in subsection (1) of this section is also expressly subject to the
15 following additional conditions:

16 (b.5) A TEMPORARY ABSENCE FROM THE HOME EXCEEDING SIXTY
17 CONSECUTIVE DAYS BUT NOT EXCEEDING FIVE YEARS, WHICH ABSENCE
18 RESULTS FROM A NATURAL DISASTER OR OTHER FORCE MAJEURE
19 RENDERING THE HOME TEMPORARILY UNINHABITABLE, DOES NOT CAUSE
20 THE REVERSE MORTGAGE TO BECOME DUE AND PAYABLE IF THE
21 BORROWER IS ENGAGED IN REPAIRING THE HOME WITH THE INTENT OF

1 REOCCUPYING THE HOME AS A PRINCIPAL RESIDENCE, OFFERING THE HOME
2 FOR SALE, OR SELLING THE HOME.

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

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