

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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) (I) A TEMPORARY ABSENCE FROM THE HOME, IF THE
17 ABSENCE IS A RESULT OF A NATURAL DISASTER OR OTHER FORCE MAJEURE
18 RENDERING THE HOME TEMPORARILY UNINHABITABLE, DOES NOT CAUSE
19 THE REVERSE MORTGAGE TO BECOME DUE AND PAYABLE IF:

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

1 SELL THE HOME;

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

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

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

9 (II) (A) SUBSECTION (2)(b.5) OF THIS SECTION IS EFFECTIVE
10 UNLESS THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN
11 DEVELOPMENT DETERMINES THAT IT WILL NO LONGER INSURE REVERSE
12 MORTGAGES IN COLORADO BECAUSE OF SUBSECTION (2)(b.5) OF THIS
13 SECTION. THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REGULATORY
14 AGENCIES SHALL NOTIFY THE REVISOR OF STATUTES IN WRITING OF THE
15 DATE ON WHICH THE CONDITION SPECIFIED IN THIS SUBSECTION
16 (2)(b.5)(II)(A) HAS OCCURRED BY E-MAILING THE NOTICE TO
17 REVISOROFSTATUTES.GA@COLEG.GOV.

18 (B) SUBSECTION (2)(b.5) OF THIS SECTION IS REPEALED UPON THE
19 DATE IDENTIFIED IN THE NOTICE THAT THE UNITED STATES DEPARTMENT
20 OF HOUSING AND URBAN DEVELOPMENT DETERMINES THAT IT WILL NO
21 LONGER INSURE REVERSE MORTGAGES IN COLORADO BECAUSE
22 OF SUBSECTION (2)(b.5) OF THIS SECTION, OR, IF THE NOTICE DOES NOT
23 SPECIFY THAT DATE, UPON THE DATE OF THE NOTICE TO THE REVISOR OF
24 STATUTES.

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

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