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Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

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| Drafting Number: | LLS 24-0057 | Date: | June 3, 2024 |
| Prime Sponsors: | Rep. Brown; Amabile Sen. Cutter; Marchman | Bill Status: | Signed into Law |
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Bill Topic: **MORTGAGE SERVICERS DISBURSE INSURANCE PROCEEDS**

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| Summary of Fiscal Impact: | <input checked="" type="checkbox"/> State Revenue | <input type="checkbox"/> State Transfer | <input type="checkbox"/> Local Government |
| | <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> TABOR Refund | <input type="checkbox"/> Statutory Public Entity |

The bill adds certain requirements for a mortgage servicer related to the disclosure and disbursement of funds to a borrower, and creates a new civil cause of action. It minimally increases state revenue and workload beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This final fiscal note reflects the enacted bill.

Summary of Legislation

The bill adds certain requirements for a mortgage servicer related to the disclosure and disbursement of funds to a borrower in the event that a residential property is damaged or destroyed and an insurance claim is paid. Mortgage servicers must disclose information to a borrower concerning the disbursement of insurance proceeds, disperse insurance proceeds upon review and approval of repair or rebuild plans for damaged property, disburse excess insurance proceeds to borrowers under certain circumstances, credit interest on insurance proceeds to borrowers, and retain all communications with borrowers for at least four years.

The bill creates a new civil cause of action for borrowers or debtors to file suit against mortgage servicers that violate these provisions under the Colorado Uniform Consumer Credit Code.

Background

The Colorado Uniform Consumer Credit Code (UCCC) is a state law that regulates the terms and conditions of consumer credit in the State of Colorado. It sets maximum rates and charges, requires disclosure of the cost of credit so consumers may shop for the best rates, and provides remedies for consumers on default. The Colorado Attorney General's Office, through the Administrator of the Uniform Consumer Credit Code, investigates complaints about lenders and

creditors, licenses non-bank lenders such as finance companies and payday lenders, and takes appropriate disciplinary or legal action when a creditor violates the law. Consumers may bring legal action against creditors under the UCCC.

State Revenue

The bill may increase revenue to the Judicial Department beginning in FY 2024-25 from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill may increase workload in the Department of Law and the Judicial Department beginning in FY 2024-25, as described below.

Department of Law. Workload in the Consumer Credit Unit in the Department of Law may increase to regulate actions of mortgage servicers. This workload is expected to be minimal and no change in appropriations is required.

Judicial Department. Trial courts in the Judicial Department may experience an increase in workload to the extent that additional civil cases are filed under the bill. The fiscal note assumes that mortgage servicers will comply with the law and any increase will be minimal.

Local Government

Similar to the state, the Denver County Court may experience a minimal revenue and workload increase to the extent that additional civil cases are filed under the bill.

Effective Date

This bill was signed into law by the Governor and took effect on May 17, 2024.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).