

## **New Colorado Foreclosure Laws - Effective January 1, 2008 (Delayed from July 2007)**

The number of Foreclosures in Colorado is staggering. The state is on pace to log another 37,000 by the end of 2007, up around 30% from 2006, which was up 30% from 2005.

In early June, Governor Bill Ritter signed five foreclosure related bills into law, which was a bold move to protect the consumer and stem the tide of predatory lending practices and mortgage fraud. The bills are designed to strengthen existing mortgage fraud laws and prohibit improper real estate appraisals. Mortgage Brokers must now register with the Division of Insurance and are bound to a code of ethics regarding the consumer.

Sen. Peter Groff, one of the champions of these five bills said, "These are among the most important bills that I have helped pass in my time in the legislature."

### **House Bill 1322, "Mortgage Fraud Prevention Act"**

Regulated the behavior of mortgage brokers and others involved in a residential real estate transaction. Brokers must act for the benefit of the borrower, by making true inquiries into the borrower's financial situation and using best efforts to obtain a loan that makes the most sense for the borrower.

### **Senate Bill 203, "Mortgage Broker Licensing"**

Brokers must now be licensed by the DOI (Division of Insurance) and refrain from engaging in 24 specific activities including: misrepresentation, fraud and conflicts of interest.

### **Senate Bill 216, "Mortgage Loan Acts Practices"**

Imposes a statutory duty of good faith on the mortgage broker; and fair dealing toward a borrower. Violation of this duty of good faith and fair dealing is made a deceptive trade practice under the Colorado Consumer Protection Act.

### **Senate Bill 85, "Protect Consumer Real Estate Transactions"**

Brokers are prohibited from trying to influence the judgment of a real estate appraiser through coercion, intimidation, or compensation.

### **Senate Bill 249, "Real Estate Title Escrow Settlement"**

Directs the Division of Insurance to provide on their website detailed information about reports made by consumers, enforcement actions taken and market trends and other information for the benefit of the consumer.

### **Senate Bill 1157 which is a technical clean up bill to SB 06-1387. "Real Estate Foreclosure"**

These 2 bills eliminate the homeowner's redemption period by combining the cure period and redemption period into one long cure period. It also eliminates the ability of the homeowner to create voluntary transfers of the property after the foreclosure process has started, effectively restraining foreclosure investors from joining the process and possibly taking advantage of it.

