

# SUPPORT



# HB 21-1282

Please **SUPPORT House Bill 21-1282 (Weissman)**: Concerning additional consumer protections resulting from the regulation of mortgage servicers.

### **A Fast Approaching Problem**

During the pandemic, housing insecurity increased, which revealed consumer legal concerns, unlawful evictions, foreclosures, and collections—all occurring under existing laws. These concerns will become more severe as moratoria on evictions and foreclosures expire. In addition, Colorado is one of the few remaining states that does not regulate these non-bank mortgage servicers, a growing trend we have seen since the 2008 housing crisis, which leaves our consumers more at risk.

### **Complaints Remain High**

Over the last three years, the Consumer Financial Protection Bureau (CFPB) has received over 1,000 complaints related to Colorado mortgages and nearly 400 in the last year. Complaints vary in severity but typically involve poor disclosures, payment process problems, and unnecessary fees as part of a transfer to a new servicer. Without providing for state authority to review these complaints, Colorado consumers are often left with little recourse when they have poor interactions with their servicer. These interactions can have serious consequences, resulting in someone losing their home and the ripple effect that can have in a family and community. We will be able to work with consumers and companies to ensure positive outcomes and a healthy market.

### **New Authority, Existing Requirements**

House Bill 21-1282 seeks to regulate non-bank mortgage servicers at the Department of Law by requiring notification to the Department when they are doing business in Colorado to ensure compliance with existing federal law, such as the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). By aligning with federal law, we are providing additional protections without additional burden on industry.

With this new authority, the Attorney General will be better positioned to reduce the negative impact the pandemic is having on the housing market and protect consumers in the future when their home may be at risk due to bad behavior.

**With your support of HB 21-1282, we can protect homeowners from unfair business practices and help alleviate housing issues that have resulted from the pandemic.**

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