Limon Assembly Bill 2501

Residential Mortgage Loans

- The bill allows for any consumer experiencing a financial hardship during the COVID-19 emergency or 180 day after, to seek a mortgage forbearance regardless of delinquency status, by submitting a request, either orally or in writing, to their mortgage servicer. No supporting or additional documentation of the hardship is required.
- The bill allows for 180 days of mortgage forbearance after the COVID-19 emergency ends. And if the borrower is still experiencing a hardship, allows for another 180 days for a total of one year forbearance after the emergency ends.
- The bill would require that during the forbearance, no fees, penalties or additional interest beyond the amounts scheduled or calculated as if the borrower made the required payments on time, can be charged.
- The bill would require the mortgage servicer to pay any impounds that are due (taxes, insurance etc.) for the borrower while they are in forbearance, regardless if the borrower has the funds in the impound account.
- The bill stays all foreclosure proceedings for 180 days following the end of the COVID-19 emergency.
- The bill would require a mortgage servicer that claims investor guidelines would prohibit compliance with the bill’s post forbearance reinstatement options, to notify the DBO and present documentation per procedures that the DBO would be required to develop, subject to judicial review.
- The bill would make any violation of this bill an unfair and deceptive business practice.

Vehicle-Secured Credit Obligations

- The bill allows for consumers experiencing a financial hardship during the COVID-19 emergency, regardless of the delinquency status, to request forbearance from their vehicle loan by submitting a request, either verbally or in writing, to the lender. No supporting or any additional documentation of the hardship is required.
- The bill would require the lender to provide the forbearance for 90 days, and extend the forbearance for another 90 days if the borrower affirms they are still experiencing a hardship.
- The bill would require that during the forbearance, no fees, penalties, or additional interest beyond the amounts scheduled or calculated as if the borrower made the required payments on time, can be charged.
- The bill would stay all repossessions during the COVID-19 emergency and for 180 days after the emergency ends.