

**DEPARTMENT OF REGULATORY AGENCIES
DIVISION OF REAL ESTATE
MORTGAGE LOAN ORIGINATORS AND MORTGAGE COMPANIES
4 CCR 725-3**

**NOTICE OF PROPOSED PERMANENT RULEMAKING HEARING
July 16, 2025, at 9:00 AM MST**

**Division of Real Estate Office
1560 Broadway
Denver, CO 80202**

VIRTUAL MEETING REGISTRATION LINK:

https://us06web.zoom.us/webinar/register/WN_U2ob_AeJSqaWUPBTsuaGwA

Pursuant to and in compliance with Title 12, Article 10 and Title 24, Article 4, C.R.S., as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado and to all persons who have requested to be advised of the intention of the Colorado Board of Mortgage Loan Originators (the "Board") to promulgate rules, or to amend, repeal, or repeal and re-enact the present rules of the Board.

The hearing will be conducted only in a virtual setting. All interested parties are urged to attend this public hearing by registering for the webinar on the Division's website at www.dre.colorado.gov and to submit written comments concerning the proposed amended rules in advance, if possible, for consideration.

To facilitate the review of comments by the Board, all interested parties are strongly encouraged to submit their written comments to Marcia Waters via email at marcia.waters@state.co.us on or before 5:00 p.m. on July 3, 2025. Any written comments not received by this date may be submitted via public testimony at the hearing on July 16, 2025.

STATEMENT OF BASIS

The statutory basis for the rules titled Rules Regarding Mortgage Loan Originators and Mortgage Companies is Part 7 of Title 12, Article 10, Colorado Revised Statutes, as amended.

STATEMENT OF PURPOSE

The purpose of the rules is to effectuate the legislative directive to promulgate the necessary and appropriate rules in conformity with the state statutes of the real estate practice act.

SPECIFIC PURPOSE OF RULEMAKING

The specific purpose of this rulemaking is to modify the administrative rules regarding Tangible Net Benefit disclosures to consumers about the benefit of certain loan terms and products, including the required content of the disclosure to be used. Please be advised that the proposed amended rules being considered are subject to further changes and modifications after public comment and the formal hearing.

PROPOSED NEW, AMENDED AND REPEALED RULES

Deleted material shown ~~struck through~~; new material is indicated by underline. Readers are advised to obtain a copy of the complete rules of the Board at www.dre.colorado.gov.

CHAPTER 5: PROFESSIONAL STANDARDS

5.7. Tangible Net Benefit

The reasonable, tangible net benefit standard pursuant to 12-10-710(1)(a), C.R.S., is inherently dependent upon the totality of facts and circumstances relating to a specific transaction. While the refinancing of certain home loans may clearly provide a reasonable, tangible net benefit, others may require closer scrutiny, or consideration to determine whether a particular loan provides the requisite benefit to the borrower.

A. When determining reasonable, tangible net benefit, there are many considerations a Mortgage Loan Originator must take into account in their analysis. If applicable, the required considerations for a Mortgage Loan Originator determining the requisite benefit must include, but are not limited to:

1. Lower payments;
2. Condensed amortization schedule;
3. Debt consolidation;
4. Cash out;
5. Avoiding foreclosure;
6. Negative amortization;
7. Balloon payments;
8. Variable rates;
9. Interest only options;
10. Prepayment penalties; and
11. Hybrid mortgage products.

B. The purpose for a ~~purchase or~~ refinance transaction will be identified by the borrower. A Mortgage Loan Originator will require that all borrowers describe, in writing, the reasons they are seeking an additional mortgage loan, a Loan Modification or to refinance an existing mortgage loan.

1. It is the responsibility of the Mortgage Loan Originator to ensure this information is acquired and accurately documented.
2. Pursuant to section 12-10-710(1), C.R.S., a Mortgage Loan Originator may not have demonstrated a duty of good faith and fair dealing in all communications and transactions with a borrower if it is determined that a Mortgage Loan Originator completed the required purpose for ~~a purchase an additional loan~~, Loan Modification or refinance transaction without analyzing the borrower's specific circumstances.

5.8. Tangible Net Benefit Disclosure Form

The Board developed a disclosure form regarding reasonable, tangible net benefit. Alternate disclosures are acceptable if they include all information required on the suggested form, as determined by the Board.

~~A. The Tangible Net Benefit Disclosure Form must be disclosed within three (3) Business Days after receipt of a loan Application.~~

~~BA.~~ The Tangible Net Benefit Disclosure will ~~also~~ be completed prior to or at the closing ~~if the reasonable, tangible net benefit has changed.~~

~~CB.~~ The Tangible Net Benefit Disclosure must be signed by both the Mortgage Loan Originator and the borrower(s).

~~DC.~~ Mortgage Loan Originator must be able to provide proof to the Board or an authorized representative of the Board that the disclosure forms as set forth in this Rule were provided to the borrower ~~within three (3) Business Days after receipt of a loan Application~~ or prior to or at closing, or when there were if any subsequent changes to any loan terms requiring re-disclosure.

A hearing is scheduled for July 16, 2025, beginning at 9:00 a.m. and will only be conducted via Zoom Webinar. All interested and affected parties must register to attend the hearing through the link provided below:

https://us06web.zoom.us/webinar/register/WN_U2ob_AeJSqaWUPBTsuaGwA

Any interested person may participate in the rule making through submission of written data, views and arguments to the Division of Real Estate. Persons are requested to submit data, views and arguments to the Division of Real Estate in writing no less than ten (10) days prior to the hearing date and time set forth above. However, all data, views and arguments submitted prior to or at the rulemaking hearing or prior to the closure of the rulemaking record (if different from the date and time of hearing), shall be considered.

Please be advised that the rules being considered are subject to further changes and modifications after public comment and formal hearing.