

Colorado Foreclosure Laws on the HOA Super Lien

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The Colorado super lien law ensures you pay HOA debts.

In every state, a homeowners association, or HOA, has the right to record a lien against a property associated with unpaid HOA fees. About 20 states use a "super lien" law. Normally, an HOA lien would be junior to a [first mortgage](#) lien -- meaning the mortgage lender receives payment first in the event of foreclosure. The super lien legislation gives the HOA lien priority over a first mortgage. Colorado is one of the super lien states.

1. HOA

- A homeowners association is an elected group of representatives of a condominium, townhouse or single-family housing subdivision that is responsible for writing, updating and enforcing rules having to do with the common areas of the subdivision or complex. They collect a monthly fee assessed to each individual unit owner, the purpose of which is to provide for common area maintenance, services and [insurance](#).

Priority Is Important

- Normally, a property owner [buys](#) a home with a mortgage; in some cases, he may have two mortgages. The first, or primary, mortgage becomes the first lien and the second becomes the second lien, if applicable. Sometime later, if a property owner subject to HOA fees does not keep up with monthly fees, the HOA places a lien on the property. The lien consists of the unpaid fees plus any costs arising from the lien like attorney and recording fees. The lien becomes the second, or third, lien on the property. The date the liens on a property are recorded is often what determines what is called "priority." If one of the lien holders forecloses on the property, the money resulting from the foreclosure sale is repaid to the lien holder in order of priority.

When Lien Value Exceeds Home Value

- If the first mortgage has priority, as it does in many states, but the property is worth less than the outstanding loan balance, all of the proceeds go to the first mortgage holder. Second and third lien holders, unless they are designated by law as "priority" are out of luck, as all junior liens are wiped out in a foreclosure.

The Super Lien

- In super lien states like Colorado, the HOA lien is given priority over the first mortgage (or first and second if there are two mortgages), regardless of when it was recorded. So when any lien holder forecloses, the HOA is repaid first. HOA priority liens are limited to six months of back dues plus associated costs. Even more important, in Colorado if the HOA forecloses before a first mortgage lender does, not only does it collect its debt, it wipes out the first and any other liens.
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- [HOA Law Blog](http://www.condoissues.blogspot.com)www.condoissues.blogspot.com
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References

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- [Frascona, Joiner, Goodman and Greenstein, P.C.: HOA Super Liens](#)
 - [USFN: HOA Super Liens Being Offered to the Highest Bidder; Katharine Fisher; 2010](#)
 - [Banking Glossary: HOA](#)
 - [Foreclosure University: How Does Lien Priority Affect Me?](#)

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