

**First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 23-0766.01 Josh Schultz x5486

**HOUSE BILL 23-1229**

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**A BILL FOR AN ACT**

101 **CONCERNING CHANGES TO CONSUMER LENDING LAWS TO LIMIT**  
102 **CHARGES TO CONSUMERS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill amends the Colorado "Uniform Consumer Credit Code" to change the terms and interest rates that a lender may charge in a consumer credit transaction.

The bill amends the calculation of the total amount of the finance charge that a supervised lender or seller may contract for and receive to include the total cost of specific additional charges in connection with a

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

consumer credit transaction.

The bill modifies the requirements for alternative charges for loans not exceeding \$1,000 as follows:

- Reduces the permissible acquisition charge on the original loan or any refinanced loan to 5% of the amount financed;
- Reduces the permissible amount for a monthly installment account handling charge;
- Increases the minimum loan term;
- Eliminates delinquency charges for the loan;
- Amends the conditions upon which an acquisition charge must be refunded to the consumer;
- Details the requirements for an application for the loan and specifies how the loan application requirements impact a determination of unconscionability of the loan; and
- Limits the number of times a lender may refinance a consumer loan to once in a year.

The bill also opts Colorado out of the amendments to the "Federal Deposit Insurance Act", the federal "National Housing Act", and the "Federal Credit Union Act" and specifies that rates established in the Colorado "Uniform Consumer Credit Code" apply to consumer credit transactions in this state.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, 5-2-201, **amend** (2)  
3 and (3)(a); and **add** (3.5) as follows:

4           **5-2-201. Finance charge for consumer credit transactions.**

5 (2) With respect to a supervised loan or a consumer credit sale, except  
6 for a loan or sale pursuant to a revolving account, a supervised lender or  
7 seller may contract for and receive a finance charge. THE AMOUNT OF THE  
8 FINANCE CHARGE, calculated according to the actuarial method, MUST not  
9 ~~exceeding~~ EXCEED the equivalent of the greater of either of the following:

10           (a) The total of:

11           (I) AN AMOUNT EQUAL TO thirty-six percent per year on that part  
12 of the unpaid balances of the amount financed that is one thousand dollars  
13 or less, MINUS THE TOTAL COST OF ALL ADDITIONAL CHARGES LISTED IN

1 SUBSECTION (3.5) OF THIS SECTION;

2 (II) AN AMOUNT EQUAL TO twenty-one percent per year on that  
3 part of the unpaid balances of the amount financed that is more than one  
4 thousand dollars but does not exceed three thousand dollars, MINUS THE  
5 TOTAL COST OF ALL ADDITIONAL CHARGES LISTED IN SUBSECTION (3.5) OF  
6 THIS SECTION; and

7 (III) AN AMOUNT EQUAL TO fifteen percent per year on that part  
8 of the unpaid balances of the amount financed that is more than three  
9 thousand dollars, MINUS THE TOTAL COST OF ALL ADDITIONAL CHARGES  
10 LISTED IN SUBSECTION (3.5) OF THIS SECTION; or

11 (b) AN AMOUNT EQUAL TO twenty-one percent per year on the  
12 unpaid balances of the amount financed, MINUS THE TOTAL COST OF ALL  
13 ADDITIONAL CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION.

14 (3) (a) Except as provided in ~~paragraph (b) of this subsection (3)~~  
15 SUBSECTION (3)(b) OF THIS SECTION, the TOTAL AMOUNT OF THE finance  
16 charge for a supervised loan or consumer credit sale pursuant to a  
17 revolving credit account, calculated according to the actuarial method,  
18 may not exceed twenty-one percent per year on the unpaid balance of the  
19 amount financed, MINUS THE TOTAL COST OF ALL ADDITIONAL CHARGES  
20 LISTED IN SUBSECTION (3.5) OF THIS SECTION.

21 (3.5) IF A SUPERVISED LENDER OR SELLER CONTRACTS FOR ANY OF  
22 THE FOLLOWING CHARGES, THE TOTAL AMOUNT OF ALL OF THE CHARGES  
23 MUST BE INCLUDED IN THE CALCULATION OF THE FINANCE CHARGE  
24 PURSUANT TO SUBSECTION (2) OR (3) OF THIS SECTION:

25 (a) ANY CREDIT INSURANCE PREMIUM OR FEE, ANY CHARGE FOR  
26 SINGLE PREMIUM CREDIT INSURANCE, ANY FEE FOR A DEBT CANCELLATION  
27 CONTRACT, OR ANY FEE FOR A DEBT SUSPENSION AGREEMENT;

1 (b) ANY OTHER CHARGES FOR INSURANCE LISTED IN SECTION  
2 5-2-202 (1)(b) AND (3);

3 (c) ANY FEE FOR A CREDIT-RELATED ANCILLARY PRODUCT SOLD IN  
4 CONNECTION WITH THE CREDIT TRANSACTION;

5 (d) ANY APPLICATION FEE CHARGED TO A CONSUMER WHO APPLIES  
6 FOR CONSUMER CREDIT; AND

7 (e) CHARGES FOR OTHER BENEFITS CONFERRED ON THE CONSUMER  
8 AS DESCRIBED IN SECTION 5-2-202 (1)(d).

9 **SECTION 2.** In Colorado Revised Statutes, 5-2-202, **amend** (1)  
10 introductory portion as follows:

11 **5-2-202. Additional charges.** (1) SUBJECT TO THE PROVISIONS OF  
12 SECTION 5-2-201 (3.5), in addition to the finance charge permitted by this  
13 ~~article~~ ARTICLE 2 and in a consumer lease, a creditor may contract for and  
14 receive the following additional charges in connection with a consumer  
15 credit transaction:

16 **SECTION 3.** In Colorado Revised Statutes, 5-2-214, **amend** (1),  
17 (2), (3), (5), and (8); **repeal** (4); and **add** (5.5) as follows:

18 **5-2-214. Alternative charges for loans not exceeding one**  
19 **thousand dollars.** (1) For a consumer loan where the amount financed  
20 is not more than one thousand dollars, a supervised lender may charge, in  
21 lieu of the loan finance charges permitted by section 5-2-201, the  
22 following finance charges:

23 (a) An acquisition charge for making the original loan OR ANY  
24 REFINANCED LOAN, not to exceed ten FIVE percent of the amount financed;  
25 AND

26 ~~(a.5) An acquisition charge for making any refinanced loan, not~~  
27 ~~to exceed seven and one-half percent of the amount financed; and~~

1 (b) A monthly installment account handling charge, not to exceed  
2 the following amounts:

3	Amount financed	Per month charge
4	\$100.00 - \$300	<del>\$12.50</del> <b>\$3.00</b>
5	\$300.01 - \$500	<del>\$15.00</del> <b>\$6.00</b>
6	\$500.01 - \$750	<del>\$17.50</del> <b>\$9.00</b>
7	\$750.01 - \$1,000	<del>\$20.00</del> <b>\$12.00</b>

8 (2) The minimum term of a loan made pursuant to this section  
9 ~~shall be ninety days~~ IS SIX MONTHS. The maximum term of a loan made  
10 pursuant to this section ~~shall be~~ IS twelve months. All loans shall be  
11 scheduled to be payable in substantially equal installments at equal  
12 periodic intervals.

13 (3) On a loan subject to the alternative charges authorized by this  
14 section, no other finance charge or any other charge or fee is permitted  
15 except as specifically provided for in this section and except for ~~the~~  
16 ~~delinquency charges provided for in section 5-2-203~~, reasonable attorney  
17 fees provided for in section 5-5-112 and the fee for a dishonored check  
18 provided for in section 5-2-202 (1)(e)(II).

19 (4) ~~The acquisition charge authorized in this section shall be fully~~  
20 ~~earned at the time the loan is made and shall not be subject to refund;~~  
21 ~~except that, if the loan is prepaid in full, refinanced, or consolidated~~  
22 ~~within the first sixty days, the first ten dollars of the acquisition charge~~  
23 ~~shall be retained by the lender and the remainder of the acquisition charge~~  
24 ~~shall be refunded at a rate of one-sixtieth of the remainder of the~~  
25 ~~acquisition charge per day, beginning on the day after the date of the~~  
26 ~~prepayment, refinancing, or consolidation and ending on the sixtieth day~~  
27 ~~after the loan was made.~~

1           (5) Upon ~~the~~ prepayment of a loan made pursuant to this section,  
2 the unearned portion of the ~~installment account~~ ACQUISITION CHARGE AND  
3 THE TOTAL MONTHLY INSTALLMENT handling charge shall be refunded to  
4 the consumer. The unearned portion of ~~the installment account handling~~  
5 ~~charge that is refunded~~ THESE CHARGES shall be calculated pursuant to the  
6 provisions on rebate upon prepayment contained in section 5-2-211 on the  
7 date of refinancing; except that, for the purpose of computing this  
8 amount, ~~no~~ A minimum FINANCE charge described in section 5-2-201  
9 ~~shall be~~ OF NO MORE THAN TEN DOLLARS IS allowed IF CONTRACTED WITH  
10 THE CONSUMER IN THE LOAN AGREEMENT.

11           (5.5) (a) A LENDER SHALL REQUIRE A CONSUMER TO FILL OUT A  
12 LOAN APPLICATION FOR EVERY LOAN UNDER THIS SECTION AND SHALL  
13 MAINTAIN THE APPLICATION ON FILE. THE APPLICATION MUST BE SIGNED  
14 AND DATED BY THE CONSUMER.

15           (b) A LENDER SHALL REQUIRE THE CONSUMER TO PROVIDE A PAY  
16 STUB OR OTHER EVIDENCE OF INCOME IN EVERY APPLICATION FOR A LOAN  
17 UNDER THIS SECTION AND SHALL MAINTAIN THIS APPLICATION ON FILE.  
18 THE PAY STUB OR OTHER EVIDENCE OF INCOME MUST HAVE BEEN ISSUED  
19 OR DATED WITHIN FORTY-FIVE DAYS BEFORE THE DATE OF THE  
20 APPLICATION. IF A LENDER REQUIRES A CONSUMER TO PRESENT A BANK  
21 STATEMENT TO SECURE A LOAN, THE LENDER SHALL ALLOW THE  
22 CONSUMER TO DELETE FROM THE STATEMENT THE INFORMATION  
23 REGARDING TO WHOM THE DEBITS LISTED ON THE STATEMENT WERE  
24 PAYABLE. IF THE AMOUNT BORROWED IS NOT MORE THAN TWENTY-FIVE  
25 PERCENT OF THE CONSUMER'S MONTHLY GROSS INCOME AND BENEFITS, AS  
26 EVIDENCED BY A PAYCHECK STUB OR OTHERWISE SUBSTANTIATED, A  
27 LENDER IS NOT OBLIGATED TO INVESTIGATE THE CONSUMER'S CONTINUED

1 DEBT POSITION, AND THE CONSUMER'S ABILITY TO REPAY THE LOAN NEED  
2 NOT BE FURTHER DEMONSTRATED.

3 (c) IF A LENDER COMPLIES WITH THE REQUIREMENTS OF  
4 SUBSECTIONS (5.5)(a) AND (5.5)(b) OF THIS SECTION, AND THE LOAN  
5 OTHERWISE COMPLIES WITH THIS ARTICLE 2 AND OTHER APPLICABLE LAW,  
6 NEITHER THE CONSUMER'S INABILITY TO REPAY THE LOAN NOR THE  
7 LENDER'S DECISION TO OBTAIN OR NOT OBTAIN ADDITIONAL INFORMATION  
8 CONCERNING THE CONSUMER'S CREDITWORTHINESS SHALL BE CAUSE TO  
9 DETERMINE THAT A LOAN IS UNCONSCIONABLE.

10 (8) A lender may not refinance a loan made pursuant to this  
11 section more than ~~three times~~ ONCE in one year.

12 **SECTION 4.** In Colorado Revised Statutes, **add** 5-13-106 as  
13 follows:

14 **5-13-106. Other loans - legislative declaration.** IN ACCORDANCE  
15 WITH SECTION 525 OF THE FEDERAL "DEPOSITORY INSTITUTIONS  
16 DEREGULATION AND MONETARY CONTROL ACT OF 1980", PUB.L. 96-221,  
17 THE GENERAL ASSEMBLY DECLARES THAT THE AMENDMENTS TO THE  
18 "FEDERAL DEPOSIT INSURANCE ACT", 12 U.S.C. SEC. 1811 ET SEQ.; THE  
19 FEDERAL "NATIONAL HOUSING ACT", 12 U.S.C. SEC. 1701 ET SEQ.; AND  
20 THE "FEDERAL CREDIT UNION ACT", 12 U.S.C. SEC. 1757, MADE BY  
21 SECTIONS 521 TO 523 OF THE FEDERAL "DEPOSITORY INSTITUTIONS  
22 DEREGULATION AND MONETARY CONTROL ACT OF 1980", PUB.L. 96-221,  
23 PRESCRIBING INTEREST RATES AND PREEMPTING STATE INTEREST RATES  
24 DO NOT APPLY TO CONSUMER CREDIT TRANSACTIONS IN THIS STATE. THE  
25 RATES ESTABLISHED IN ARTICLES 1 TO 9 OF THIS TITLE 5 CONTROL  
26 CONSUMER CREDIT TRANSACTIONS IN THIS STATE.

27 **SECTION 5. Act subject to petition - effective date -**

1     **applicability.** (1) This act takes effect September 1, 2023; except that,  
2     if a referendum petition is filed pursuant to section 1 (3) of article V of  
3     the state constitution against this act or an item, section, or part of this act  
4     within the ninety-day period after final adjournment of the general  
5     assembly, then the act, item, section, or part will not take effect unless  
6     approved by the people at the general election to be held in November  
7     2024 and, in such case, will take effect on the date of the official  
8     declaration of the vote thereon by the governor.

9             (2) This act applies to loans made or renewed on or after the  
10     applicable effective date of this act.