

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-0731.01 Josh Schultz x5486

HOUSE BILL 24-1148

HOUSE SPONSORSHIP

Weissman and Mabrey,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A MORE INCLUSIVE CALCULATION OF THE FINANCE**
102 **CHARGE APPLICABLE TO CERTAIN CONSUMER LENDING**
103 **TRANSACTIONS, AND, IN CONNECTION THEREWITH, REQUIRING**
104 **A MORE ACCURATE DISCLOSURE OF THE COST OF CREDIT FOR**
105 **CERTAIN LOANS.**

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"

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.

to change the terms and interest rates a nondepository institution may charge in a consumer credit transaction.

For a consumer credit transaction in which a nondepository institution makes a supervised loan or a consumer credit sale, the bill amends the calculation of the total amount of the finance charge that the nondepository institution may contract for and receive to include the total cost of specific additional charges.

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

2 **SECTION 1.** In Colorado Revised Statutes, 5-1-301, **add** (29.5)
3 as follows:

4 **5-1-301. General definitions.** In addition to definitions appearing
5 in subsequent articles, as used in this code, unless the context otherwise
6 requires:

7 (29.5) "NONDEPOSITORY INSTITUTION" MEANS A SUPERVISED
8 LENDER OR SELLER THAT IS NOT A SUPERVISED FINANCIAL ORGANIZATION.

9 **SECTION 2.** In Colorado Revised Statutes, 5-2-201, **amend** (2)
10 introductory portion and (3)(a); and **add** (3.1), (3.3), and (3.5) as follows:

11 **5-2-201. Finance charge for consumer credit transactions.**

12 (2) With respect to a supervised loan or a consumer credit sale, except
13 for a loan or sale pursuant to a revolving account OR FOR A LOAN OR A
14 CONSUMER CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, a
15 supervised lender or seller may contract for and receive a finance charge,
16 calculated according to the actuarial method, not exceeding the equivalent
17 of the greater of either of the following:

18 (3) (a) Except as provided in ~~paragraph (b) of this subsection~~ (3)
19 SUBSECTION (3)(b) OF THIS SECTION, OR FOR A LOAN OR A CONSUMER
20 CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, the finance charge
21 for a supervised loan or consumer credit sale pursuant to a revolving

1 credit account, calculated according to the actuarial method, may not
2 exceed twenty-one percent per year on the unpaid balance of the amount
3 financed.

4 (3.1) WITH RESPECT TO A SUPERVISED LOAN OR A CONSUMER
5 CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, EXCEPT AS SET
6 FORTH IN SUBSECTION (3.3) OF THIS SECTION WITH RESPECT TO A
7 SUPERVISED LOAN OR CONSUMER CREDIT SALE MADE PURSUANT TO A
8 REVOLVING CREDIT ACCOUNT, A SUPERVISED LENDER OR SELLER MAY
9 CONTRACT FOR AND RECEIVE A FINANCE CHARGE. THE AMOUNT OF THE
10 FINANCE CHARGE, CALCULATED ACCORDING TO THE ACTUARIAL METHOD,
11 MUST NOT EXCEED THE EQUIVALENT OF THE GREATER OF EITHER OF THE
12 FOLLOWING:

13 (a) AN AMOUNT EQUAL TO THE TOTAL OF THE FOLLOWING, MINUS
14 THE TOTAL COST OF ALL ADDITIONAL CHARGES LISTED IN SUBSECTION
15 (3.5) OF THIS SECTION:

16 (I) THIRTY-SIX PERCENT PER YEAR ON THAT PART OF THE UNPAID
17 BALANCES OF THE AMOUNT FINANCED THAT IS ONE THOUSAND DOLLARS
18 OR LESS;

19 (II) TWENTY-ONE PERCENT PER YEAR ON THAT PART OF THE
20 UNPAID BALANCES OF THE AMOUNT FINANCED THAT IS MORE THAN ONE
21 THOUSAND DOLLARS BUT DOES NOT EXCEED THREE THOUSAND DOLLARS;
22 AND

23 (III) FIFTEEN PERCENT PER YEAR ON THAT PART OF THE UNPAID
24 BALANCES OF THE AMOUNT FINANCED THAT IS MORE THAN THREE
25 THOUSAND DOLLARS; OR

26 (b) AN AMOUNT EQUAL TO TWENTY-ONE PERCENT PER YEAR ON
27 THE UNPAID BALANCES OF THE AMOUNT FINANCED, MINUS THE TOTAL

1 COST OF ALL ADDITIONAL CHARGES LISTED IN SUBSECTION (3.5) OF THIS
2 SECTION.

3 (3.3) (a) EXCEPT AS PROVIDED IN SUBSECTION (3.3)(b) OF THIS
4 SECTION, THE TOTAL AMOUNT OF THE FINANCE CHARGE FOR A SUPERVISED
5 LOAN OR CONSUMER CREDIT SALE PURSUANT TO A REVOLVING CREDIT
6 ACCOUNT, CALCULATED ACCORDING TO THE ACTUARIAL METHOD, MAY
7 NOT EXCEED TWENTY-ONE PERCENT PER YEAR ON THE UNPAID BALANCE
8 OF THE AMOUNT FINANCED, MINUS THE TOTAL COST OF ALL ADDITIONAL
9 CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION.

10 (b) NOTWITHSTANDING SUBSECTION (3.3)(a) OF THIS SECTION, IF
11 THERE IS AN UNPAID BALANCE ON THE DATE ON WHICH THE FINANCE
12 CHARGE IS APPLIED, THE CREDITOR MAY CONTRACT FOR AND RECEIVE A
13 MINIMUM FINANCE CHARGE NOT EXCEEDING FIFTY CENTS.

14 (3.5) IF A SUPERVISED LENDER OR SELLER THAT IS A
15 NONDEPOSITORY INSTITUTION CONTRACTS FOR ANY OF THE FOLLOWING
16 CHARGES, THE TOTAL AMOUNT OF ALL OF THE CHARGES MUST BE
17 INCLUDED IN THE CALCULATION OF THE FINANCE CHARGE PURSUANT TO
18 SUBSECTION (3.1) OR (3.3) OF THIS SECTION:

19 (a) ANY CREDIT INSURANCE PREMIUM OR FEE, ANY CHARGE FOR
20 SINGLE PREMIUM CREDIT INSURANCE, ANY FEE FOR A DEBT CANCELLATION
21 CONTRACT, ANY GUARANTEED ASSET PROTECTION AGREEMENT ISSUED
22 UNDER ARTICLE 9.3 OF THIS TITLE 5, OR ANY FEE FOR A DEBT SUSPENSION
23 AGREEMENT;

24 (b) ANY OTHER CHARGES FOR INSURANCE LISTED IN SECTION
25 5-2-202 (1)(b) AND (3);

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

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

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

5 **SECTION 3.** In Colorado Revised Statutes, 5-2-202, **amend** (1)
6 introductory portion as follows:

7 **5-2-202. Additional charges.** (1) SUBJECT TO THE PROVISIONS OF
8 SECTION 5-2-201 (3.5), in addition to the finance charge permitted by this
9 article 2 and in a consumer lease, a creditor may contract for and receive
10 the following additional charges in connection with a consumer credit
11 transaction:

12 **SECTION 4. Act subject to petition - effective date.** This act
13 takes effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly; except
15 that, if a referendum petition is filed pursuant to section 1 (3) of article V
16 of the state constitution against this act or an item, section, or part of this
17 act within such period, then the act, item, section, or part will not take
18 effect unless approved by the people at the general election to be held in
19 November 2024 and, in such case, will take effect on the date of the
20 official declaration of the vote thereon by the governor.