

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

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 23-0744.01 Christopher McMichael x4775

HOUSE BILL 23-1181

HOUSE SPONSORSHIP

Mauro, Snyder, Dickson, Martinez, Michaelson Jenet, Valdez

SENATE SPONSORSHIP

Hinrichsen and Mullica,

House Committees
Business Affairs & Labor

Senate Committees
Business, Labor, & Technology

A BILL FOR AN ACT

101 **CONCERNING THE REGULATION OF GUARANTEED ASSET PROTECTION**
102 **AGREEMENTS.**

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 codifies and updates rules regarding guaranteed asset protection agreements (GAP agreement). A GAP agreement relieves a consumer of liability for all or part of the deficiency balance remaining after the payment of all insurance proceeds upon the total loss of the consumer's motor vehicle.

Section 2 of the bill permits a creditor to collect additional charges

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.

SENATE
Amended 2nd Reading
April 28, 2023

HOUSE
3rd Reading Unamended
March 23, 2023

HOUSE
Amended 2nd Reading
March 22, 2023

or fees for a GAP agreement as part of a consumer credit transaction.

Section 3:

- Sets conditions and provisions that must be a part of any GAP agreement in order for it to be valid and for a creditor to receive an additional charge or fee in relation to the GAP agreement;
- Establishes the method by which the deficiency balance is calculated and what the consumer will be owed pursuant to the GAP agreement in the event of a total loss;
- Details when a consumer must submit the consumer's GAP agreement claim after a total loss;
- Establishes the maximum fee that may be charged for a GAP agreement, which must not exceed 5% of the amount financed in the consumer credit transaction; and
- Prohibits the sale of a GAP agreement in specified circumstances.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) A guaranteed asset protection agreement (GAP agreement) is
5 either an insurance policy or contractual term that protects a consumer in
6 the event that the consumer's motor vehicle that is collateral used to
7 secure credit is deemed a total loss;

8 (b) The attorney general's office has regulated GAP agreements
9 for nearly two decades, but there have been few updates to the rules
10 during that time; and

11 (c) By codifying and updating the GAP agreement rules that are
12 in the code of Colorado regulations, the general assembly will provide
13 Colorado consumers with stability, predictability, and efficiency
14 regarding GAP agreements, while ensuring a fair and viable market for
15 GAP agreement providers and making important updates to the laws that
16 govern these agreements.

1 (c) "GUARANTEED ASSET PROTECTION ADMINISTRATOR" OR "GAP
2 ADMINISTRATOR" MEANS THE PERSON, OTHER THAN THE CREDITOR OR
3 INSURER, THAT PERFORMS THE ADMINISTRATIVE OR OPERATIONAL
4 FUNCTIONS PURSUANT TO THE GAP AGREEMENT.

5 (d) (I) "GUARANTEED ASSET PROTECTION AGREEMENT" OR "GAP
6 AGREEMENT" MEANS AN AGREEMENT, STRUCTURED AS EITHER AN
7 INSURANCE POLICY OR A CONTRACTUAL TERM, SOLD OR WRITTEN IN
8 CONNECTION WITH A CONSUMER FINANCE AGREEMENT, THAT RELIEVES
9 ALL OR PART OF A CONSUMER'S LIABILITY FOR THE DEFICIENCY BALANCE
10 REMAINING, AFTER THE PAYMENT OF ALL INSURANCE PROCEEDS, UPON THE
11 TOTAL LOSS OF THE CONSUMER'S MOTOR VEHICLE THAT WAS COLLATERAL
12 SECURING THE CONSUMER FINANCE AGREEMENT, WHETHER THE LOSS
13 OCCURRED FROM THE TOTAL DESTRUCTION OF THE MOTOR VEHICLE, THE
14 UNRECOVERED THEFT OF THE MOTOR VEHICLE, OR BOTH.

15 (II) A GAP AGREEMENT MAY ALSO PROVIDE A CONSUMER WITH A
16 BENEFIT THAT WAIVES A CERTAIN AMOUNT OR PROVIDES A CREDIT FOR A
17 CERTAIN AMOUNT TOWARD THE PURCHASE OF A REPLACEMENT MOTOR
18 VEHICLE.

19 (e) "GUARANTEED ASSET PROTECTION FEE" OR "GAP FEE" MEANS
20 THE FEE, CHARGE, PREMIUM, OR OTHER AMOUNT THAT A CREDITOR MAY
21 CHARGE A CONSUMER FOR A GUARANTEED ASSET PROTECTION
22 AGREEMENT.

23 (f) "MOTOR VEHICLE" MEANS A SELF-PROPELLED OR TOWED
24 VEHICLE DESIGNED FOR PERSONAL OR COMMERCIAL USE, INCLUDING BUT
25 NOT LIMITED TO AUTOMOBILES, TRUCKS, MOTORCYCLES, RECREATIONAL
26 VEHICLES, ALL-TERRAIN VEHICLES, SNOWMOBILES, CAMPERS, BOATS,
27 PERSONAL WATERCRAFTS, AND RELATED TRAILERS.

1 (g) "ORIGINAL CREDITOR" MEANS THE CREDITOR THAT MAKES OR
2 ARRANGES A CONSUMER FINANCE AGREEMENT WITH A CONSUMER AND TO
3 WHICH THE FINANCE AGREEMENT IS INITIALLY PAYABLE. "ORIGINAL
4 CREDITOR" DOES NOT INCLUDE ANY ASSIGNEE OF THE FINANCE
5 AGREEMENT.

6 (h) "RETAIL INSTALLMENT SALES CONTRACT" MEANS A RETAIL
7 CONTRACT TO SELL A MOTOR VEHICLE TO A CONSUMER IN WHICH:

8 (I) THE CONSUMER AGREES TO PAY THE RETAIL SELLER OVER TIME,
9 IN INSTALLMENTS, THE COST OF THE MOTOR VEHICLE PLUS INTEREST; AND

10 (II) THE RETAIL SELLER TAKES OR RETAINS A SECURITY INTEREST
11 IN THE MOTOR VEHICLE.

12 **5-9.3-102. Applicability.** (1) THIS ARTICLE 9.3 APPLIES TO EVERY
13 CREDITOR, WHETHER THE CREDITOR IS AN ASSIGNEE OR HOLDER OF A
14 FINANCE AGREEMENT THAT INCLUDES A GAP AGREEMENT. A CREDITOR,
15 ASSIGNEE, OR HOLDER DOES NOT HAVE ANY SUBROGATION RIGHTS
16 AGAINST THE CONSUMER.

17 (2) THIS ARTICLE 9.3 DOES NOT APPLY TO A GAP AGREEMENT
18 THAT IS INCLUDED IN:

19 (a) A CONSUMER LEASE;

20 (b) A LOAN THAT DOES NOT INVOLVE A CONSUMER AS DEFINED IN
21 SECTION 4-1-201 (10.5);

22 (c) A PRODUCT THAT DOES NOT MEET THE DEFINITION OF A
23 GUARANTEED ASSET PROTECTION AGREEMENT; OR

24 (d) A TRANSACTION THAT IS NOT SUBJECT TO THE "UNIFORM
25 CONSUMER CREDIT CODE", ARTICLES 1 TO 9 OF THIS TITLE 5.

26 **5-9.3-103. Guaranteed asset protection agreement**
27 **requirements - application.** (1) A CREDITOR MAY OFFER, SELL, PROVIDE,

1 OR ADMINISTER A GUARANTEED ASSET PROTECTION AGREEMENT IN
2 CONNECTION WITH A CONSUMER FINANCE AGREEMENT ONLY IF THE
3 CREDITOR AND THE GUARANTEED ASSET PROTECTION AGREEMENT
4 COMPLY FULLY WITH THIS ARTICLE 9.3 AND MEET ALL OF THE FOLLOWING
5 CONDITIONS:

6 (a) THE CREDITOR PROVIDES TO THE CONSUMER A WRITTEN
7 NOTICE, IN BOLD-FACE TYPE, THAT SPECIFIES THE FOLLOWING:

8 (I) THAT THE CONSUMER IS NOT REQUIRED TO PURCHASE A GAP
9 AGREEMENT IN ORDER TO OBTAIN THE CREDIT OR ANY PARTICULAR OR
10 FAVORABLE CREDIT TERMS;

11 (II) THE AMOUNT OF THE GAP FEE;

12 (III) THAT THE CONSUMER MAY WISH TO CONSULT AN INSURANCE
13 AGENT TO DETERMINE WHETHER SIMILAR COVERAGE MAY BE OBTAINED
14 THROUGH AN INSURANCE PRODUCT AND AT WHAT COST;

15 (IV) THAT THE GAP AGREEMENT BENEFITS MAY DECREASE OVER
16 THE TERM OF THE FINANCE AGREEMENT;

17 (V) THAT THE CONSUMER MAY CANCEL THE GAP AGREEMENT FOR
18 ANY OR NO REASON WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF
19 THE GAP AGREEMENT, AND THAT THE CONSUMER WILL RECEIVE A FULL
20 REFUND OF THE GAP FEE SO LONG AS NO LOSS OR EVENT COVERED BY THE
21 GAP AGREEMENT HAS OCCURRED; AND

22 (VI) THAT THE GAP AGREEMENT IS NOT A SUBSTITUTE FOR
23 COLLISION OR PROPERTY DAMAGE INSURANCE;

24 (b) (I) THE CREDITOR PROVIDES THE CONSUMER WITH A
25 CANCELLATION METHOD THAT IS CONSPICUOUSLY DISPLAYED IN THE GAP
26 AGREEMENT OR IN A SEPARATE, WRITTEN CANCELLATION FORM AND THAT
27 INCLUDES:

1 (A) THE NAME, MAILING ADDRESS, E-MAIL ADDRESS, OR PHONE
2 NUMBER THAT MAY BE USED TO CANCEL THE GAP AGREEMENT;

3 (B) A STATEMENT THAT THE CONSUMER MAY CANCEL THE GAP
4 AGREEMENT FOR ANY OR NO REASON WITHIN THIRTY DAYS AFTER THE
5 EFFECTIVE DATE OF THE GAP AGREEMENT, AND THAT THE CONSUMER
6 WILL RECEIVE A FULL REFUND OF THE GAP FEE SO LONG AS NO LOSS OR
7 EVENT COVERED BY THE GAP AGREEMENT HAS OCCURRED; AND

8 (C) A STATEMENT THAT THE CONSUMER MUST COMPLETE AND
9 RETURN THE CANCELLATION FORM OR SEND OTHER WRITTEN NOTICE OF
10 CANCELLATION TO THE MAILING ADDRESS OR E-MAIL ADDRESS THAT THE
11 CREDITOR PROVIDES OR CALL THE PHONE NUMBER LISTED IN ORDER TO
12 CANCEL THE GAP AGREEMENT.

13 (II) IF A CREDITOR WANTS TO PROVIDE AN ALTERNATIVE
14 CANCELLATION METHOD OTHER THAN THE ONE DESCRIBED IN SUBSECTION
15 (1)(b)(I) OF THIS SECTION, THE CREDITOR MUST CLEARLY AND
16 CONSPICUOUSLY STATE THE ALTERNATIVE METHOD AND INSTRUCTIONS ON
17 HOW TO CANCEL THE GAP AGREEMENT IN THE AGREEMENT;

18 (c) THE CONSUMER PROVIDES TO THE CREDITOR AN AFFIRMATIVE,
19 WRITTEN AUTHORIZATION FOR THE PURCHASE OF THE GAP AGREEMENT;
20 AND

21 (d) THE CREDITOR DELIVERS TO THE CONSUMER, IN WRITING, THE
22 GAP AGREEMENT, WHICH MUST INCLUDE:

23 (I) A WRITTEN DESCRIPTION OF THE GAP AGREEMENT'S BENEFITS,
24 TERMS, CONDITIONS, AND EXCLUSIONS;

25 (II) A STATEMENT THAT DISCLOSES ANY LIMITATION IN COVERAGE
26 UNDER THE GAP AGREEMENT; AND

27 (III) THE PROCEDURE AND TIMING TO BE FOLLOWED IN ORDER TO

1 SUBMIT A CLAIM AFTER A TOTAL LOSS.

2 **5-9.3-104. Guaranteed asset protection fees. (1) (a) THE**
3 **MAXIMUM GAP FEE THAT A CREDITOR MAY CHARGE FOR A GAP**
4 **AGREEMENT MUST NOT EXCEED FOUR PERCENT OF THE TOTAL AMOUNT**
5 **FINANCED IN THE FINANCE AGREEMENT, OR SIX-HUNDRED DOLLARS,**
6 **WHICHEVER AMOUNT IS GREATER.**

7 **(b) THIS SUBSECTION (1) DOES NOT APPLY TO ANY GAP**
8 **AGREEMENT THAT IS SUBJECT TO REGULATION BY THE DIVISION OF**
9 **INSURANCE PURSUANT TO TITLE 10.**

10 **(2) (a) A CREDITOR MAY CONTRACT FOR, CHARGE, AND RECEIVE**
11 **ONLY ONE GAP FEE AS PART OF A GAP AGREEMENT, REGARDLESS OF THE**
12 **NUMBER OF CO-BORROWERS, COSIGNERS, OR GUARANTORS IN THE FINANCE**
13 **AGREEMENT.**

14 **(b) IN THE EVENT THAT THE GAP AGREEMENT HAS BEEN SOLD AND**
15 **A VALID CLAIM HAS BEEN MADE, THE CREDITOR MAY NOT SEEK**
16 **INDEMNIFICATION FROM THE CONSUMER, CO-BORROWERS, COSIGNERS, OR**
17 **GUARANTORS.**

18 **(3) EVERY FINANCE AGREEMENT THAT INCLUDES A GAP FEE FOR**
19 **A GAP AGREEMENT SHALL CONTAIN, EITHER IN THE FINANCE AGREEMENT**
20 **OR GAP AGREEMENT SIGNED BY THE CONSUMER, THE FOLLOWING**
21 **STATEMENT:**

22 **IF THIS TRANSACTION CONTAINS A FEE, CHARGE, OR**
23 **PREMIUM FOR GUARANTEED ASSET PROTECTION, ALL**
24 **HOLDERS AND ASSIGNEES OF THIS CONSUMER CREDIT**
25 **TRANSACTION ARE SUBJECT TO ALL CLAIMS AND DEFENSES**
26 **THAT THE CONSUMER COULD ASSERT AGAINST THE**
27 **ORIGINAL CREDITOR RESULTING FROM THE CONSUMER'S**

1 PURCHASE OF THE GUARANTEED ASSET PROTECTION.

2 **5-9.3-105. Calculation and payment of deficiency balance.**

3 (1) THE CALCULATION OF THE PAYMENT OR WAIVER OF THE DEFICIENCY
4 BALANCE MAY EXCLUDE THE FOLLOWING, AS LONG AS THESE EXCLUSIONS
5 ARE CLEARLY SPECIFIED IN THE GAP AGREEMENT:

6 (a) AMOUNTS OWED FOR UNPAID INSTALLMENTS UNDER THE
7 FINANCE AGREEMENT, INCLUDING ANY FEES OR SURCHARGES IMPOSED AS
8 LATE CHARGES FOR UNPAID INSTALLMENTS;

9 (b) LEGALLY PERMITTED FEES INCURRED AFTER THE EFFECTIVE
10 DATE OF THE FINANCE AGREEMENT;

11 (c) FEES FOR THE RETURN OR DISHONOR OF CHECKS OR OTHER
12 INSTRUMENTS TENDERED AS PAYMENT;

13 (d) PREMIUMS OR FEES FOR LEGALLY PERMITTED INSURANCE
14 ADDED AFTER THE EFFECTIVE DATE OF THE FINANCE AGREEMENT;

15 (e) REFUNDS OWED ON CANCELLABLE SERVICE CONTRACTS AND
16 OTHER PROTECTION PRODUCTS THAT WERE FINANCED IN THE FINANCE
17 AGREEMENT;

18 (f) THE SALVAGE VALUE OF THE MOTOR VEHICLE, AS DETERMINED
19 BY THE CONSUMER'S PRIMARY INSURER OF THE MOTOR VEHICLE, IF THE
20 TOTALED MOTOR VEHICLE IS RETAINED BY THE CONSUMER; AND

21 (g) DEDUCTIONS TAKEN BY THE CONSUMER'S PRIMARY INSURER OF
22 THE MOTOR VEHICLE FOR PRIOR UNREPAIRED DAMAGE TO THE MOTOR
23 VEHICLE IF, BEFORE TAKING THE DEDUCTION, THE GAP ADMINISTRATOR
24 OR LENDER HAS DOCUMENTARY PROOF THAT:

25 (I) THE CONSUMER SUBMITTED AN INSURANCE CLAIM RELATED TO
26 PRIOR UNREPAIRED DAMAGE TO THE MOTOR VEHICLE; OR

27 (II) THE CONSUMER RECEIVED PAYMENT FOR THE PRIOR

1 UNREPAIRED DAMAGE TO THE MOTOR VEHICLE.

2 (2) EXCEPT AS PROVIDED IN THIS ARTICLE 9.3, THE GAP
3 AGREEMENT MUST PAY OR WAIVE ALL OF THE DEFICIENCY BALANCE THAT
4 WOULD HAVE BEEN OWED IF:

5 (I) THE CONSUMER HAD MAINTAINED PROPERTY DAMAGE
6 INSURANCE COVERING THE ACTUAL CASH VALUE OF THE MOTOR VEHICLE
7 AS OF THE DATE OF LOSS, EVEN IF THE CONSUMER HAS NOT MAINTAINED
8 SUCH PROPERTY DAMAGE INSURANCE; OR

9 (II) THE CREDITOR HAD PURCHASED PROPERTY DAMAGE
10 INSURANCE FOR THE MOTOR VEHICLE PURSUANT TO SECTION 5-2-209.

11 (3) THE GAP AGREEMENT MUST PROVIDE THE CONSUMER WITH A
12 FULL REFUND OR A CREDIT OF THE AMOUNT OF THE CONSUMER'S
13 DEDUCTIBLE CHARGED FOR PROPERTY DAMAGE, UP TO FIVE HUNDRED
14 DOLLARS, AS PART OF THE PAYMENT OF, OR RELIEF FROM, LIABILITY FOR
15 THE DEFICIENCY BALANCE. THE GAP AGREEMENT MAY PROVIDE
16 ADDITIONAL COVERAGE FOR THE CONSUMER'S DEDUCTIBLE IN EXCESS OF
17 FIVE HUNDRED DOLLARS.

18 **5-9.3-106. Cancellation of GAP agreement.** (1) (a) THE
19 ORIGINAL CREDITOR MUST REFUND TO THE CONSUMER THE UNEARNED
20 GAP FEE PAID PURSUANT TO THE GAP AGREEMENT IF:

21 (I) THE FINANCE AGREEMENT IS PREPAID PRIOR TO MATURITY OR
22 THE MOTOR VEHICLE IS NO LONGER IN THE CONSUMER'S POSSESSION DUE
23 TO THE CREDITOR'S LAWFUL REPOSSESSION AND DISPOSITION OF THE
24 COLLATERAL; AND

25 (II) THE CONSUMER HAS NOT MADE A CLAIM UNDER THE GAP
26 AGREEMENT.

27 (2) (a) IF THE GAP AGREEMENT IS PROVIDED AS A CONTRACTUAL

1 TERM OF THE FINANCE AGREEMENT, ANY REFUND ISSUED MUST BE
2 CALCULATED USING A PRO RATA METHOD OR ANY OTHER METHOD
3 APPROVED BY THE ADMINISTRATOR.

4 (b) IF THE GAP AGREEMENT IS PROVIDED AS INSURANCE, ANY
5 REFUND ISSUED MUST BE CALCULATED USING A METHOD AUTHORIZED
6 UNDER APPLICABLE INSURANCE STATUTES, RULES, OR INTERPRETATIONS
7 OF THE COMMISSIONER OF INSURANCE PURSUANT TO TITLE 10.

8 (3) (a) IN THE EVENT THAT THE CONSUMER FINANCE AGREEMENT
9 HAS BEEN ASSIGNED TO A PERSON OTHER THAN THE ORIGINAL CREDITOR,
10 THE ASSIGNEE SHALL SEND NOTICE TO THE ORIGINAL CREDITOR
11 REQUESTING, ON BEHALF OF THE CONSUMER, A REFUND OF THE UNEARNED
12 GAP FEE PURSUANT TO THE GAP AGREEMENT. UPON RECEIPT OF SUCH
13 NOTICE FROM THE ASSIGNEE, THE ORIGINAL CREDITOR SHALL PROVIDE THE
14 UNEARNED GAP FEE TO THE CONSUMER WITHIN THIRTY DAYS.

15 (b) IF THE ORIGINAL CREDITOR HAS NOT REFUNDED THE UNEARNED
16 GAP FEE TO THE CONSUMER WITHIN THIRTY DAYS PURSUANT TO
17 SUBSECTION (3)(a) OF THIS SECTION, THE ASSIGNEE SHALL PROVIDE THE
18 REFUND TO THE CONSUMER, AND THE ORIGINAL CREDITOR OR GAP
19 ADMINISTRATOR SHALL REIMBURSE THE ASSIGNEE FOR THE AMOUNT OF
20 SUCH REFUND NO LATER THAN FORTY-FIVE DAYS AFTER THE ORIGINAL
21 CREDITOR OR GAP ADMINISTRATOR HAS RECEIVED NOTICE FROM THE
22 ASSIGNEE.

23 (4) A CANCELLATION FEE OF NOT MORE THAN TWENTY-FIVE
24 DOLLARS MAY BE CHARGED TO A CONSUMER IF THE CONSUMER CANCELS
25 THE GAP AGREEMENT MORE THAN THIRTY DAYS AFTER THE EFFECTIVE
26 DATE OF THE GAP AGREEMENT.

27 **5-9.3-107. Filing of claim.** A CONSUMER HAS NINETY DAYS

1 AFTER THE LOSS SETTLEMENT FROM ANY PROPERTY DAMAGE INSURANCE
2 OR FROM THE DATE THE CREDITOR NOTIFIES THE CONSUMER OF ANY
3 DEFICIENCY BALANCE OWED, WHICHEVER IS LATER, TO FILE A CLAIM
4 UNDER THE GAP AGREEMENT OR SEEK DEBT CANCELLATION FROM THE
5 CREDITOR.

6 **5-9.3-108. Prohibitions on sale of guaranteed asset protection**
7 **agreements.** (1) A GAP AGREEMENT SHALL NOT BE SOLD TO A
8 CONSUMER IF:

9 (a) THE CONSUMER IS INELIGIBLE FOR A GAP AGREEMENT;

10 (b) THE FINANCE AGREEMENT TERMS PRECLUDE COVERAGE UNDER
11 A GAP AGREEMENT;

12 (c) THE MOTOR VEHICLE USED AS COLLATERAL FOR THE FINANCE
13 AGREEMENT IS INELIGIBLE FOR COVERAGE UNDER A GAP AGREEMENT;

14 (d) THE GAP AGREEMENT LIMITS COVERAGE TO A MAXIMUM LOAN
15 TO VALUE RATIO AND THE TERMS OF THE FINANCE AGREEMENT EXCEED
16 THE MAXIMUM LOAN TO VALUE RATIO STATED IN THE GAP AGREEMENT;

17 (e) THE MAXIMUM LOAN TO VALUE RATIO IN THE GAP AGREEMENT
18 EXCEEDS ONE-HUNDRED FIFTY PERCENT; OR

19 (f) THE TRANSACTION WOULD BE UNCONSCIONABLE AS DESCRIBED
20 IN SECTION 5-4-106, 5-5-109, OR 5-6-112.

21 **5-9.3-109. Enforcement.** (1) THE ADMINISTRATOR DESIGNATED
22 IN SECTION 5-6-103 MAY ENFORCE THE PROVISIONS OF THIS ARTICLE 9.3,
23 PURSUANT TO ARTICLE 6 OF THIS TITLE 5, AGAINST ANY CREDITOR OR GAP
24 ADMINISTRATOR WHO VIOLATES THIS ARTICLE 9.3.

25 **SECTION 4. Act subject to petition - effective date -**
26 **applicability.** (1) This act takes effect January 1, 2024; except that, if a
27 referendum petition is filed pursuant to section 1 (3) of article V of the

1 state constitution against this act or an item, section, or part of this act
2 within the ninety-day period after final adjournment of the general
3 assembly, then the act, item, section, or part will not take effect unless
4 approved by the people at the general election to be held in November
5 2024 and, in such case, will take effect on the date of the official
6 declaration of the vote thereon by the governor.

7 (2) This act applies to guaranteed asset protection agreements
8 entered into on or after the effective date of this act.