

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

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:

9 (a) A BANK ORGANIZED UNDER THE "COLORADO BANKING CODE",
10 ARTICLE 10.5 AND ARTICLES 101 TO 109 OF TITLE 11;

11 (b) A BANK ORGANIZED UNDER THE "NATIONAL BANK ACT", 12
12 U.S.C. SEC. 21 ET SEQ., AS AMENDED;

13 (c) A SAVINGS AND LOAN ASSOCIATION, AS DEFINED IN SECTION
14 11-40-103; OR

15 (d) A CREDIT UNION WHOSE ACCOUNTS ARE INSURED UNDER THE
16 "FEDERAL CREDIT UNION ACT", 12 U.S.C. SEC. 1751 ET SEQ., AS
17 AMENDED.

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

20 **5-2-201. Finance charge for consumer credit transactions.**

21 (2) With respect to a supervised loan or a consumer credit sale, except

1 for a loan or sale pursuant to a revolving account OR FOR A LOAN OR A
2 CONSUMER CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, a
3 supervised lender or seller may contract for and receive a finance charge,
4 calculated according to the actuarial method, not exceeding the equivalent
5 of the greater of either of the following:

6 (3) (a) Except as provided in ~~paragraph (b) of this subsection (3)~~
7 SUBSECTION (3)(b) OF THIS SECTION, OR FOR A LOAN OR A CONSUMER
8 CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, the finance charge
9 for a supervised loan or consumer credit sale pursuant to a revolving
10 credit account, calculated according to the actuarial method, may not
11 exceed twenty-one percent per year on the unpaid balance of the amount
12 financed.

13 (3.1) WITH RESPECT TO A SUPERVISED LOAN OR A CONSUMER
14 CREDIT SALE MADE BY A NONDEPOSITORY INSTITUTION, EXCEPT AS SET
15 FORTH IN SUBSECTION (3.3) OF THIS SECTION WITH RESPECT TO A
16 SUPERVISED LOAN OR CONSUMER CREDIT SALE MADE PURSUANT TO A
17 REVOLVING CREDIT ACCOUNT, A SUPERVISED LENDER OR SELLER MAY
18 CONTRACT FOR AND RECEIVE A FINANCE CHARGE. THE AMOUNT OF THE
19 FINANCE CHARGE, CALCULATED ACCORDING TO THE ACTUARIAL METHOD,
20 MUST NOT EXCEED THE EQUIVALENT OF THE GREATER OF EITHER OF THE
21 FOLLOWING:

22 (a) THE TOTAL OF:

23 (I) AN AMOUNT EQUAL TO THIRTY-SIX PERCENT PER YEAR ON THAT
24 PART OF THE UNPAID BALANCES OF THE AMOUNT FINANCED THAT IS ONE
25 THOUSAND DOLLARS OR LESS, MINUS THE TOTAL COST OF ALL ADDITIONAL
26 CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION;

27 (II) AN AMOUNT EQUAL TO TWENTY-ONE PERCENT PER YEAR ON

1 THAT PART OF THE UNPAID BALANCES OF THE AMOUNT FINANCED THAT IS
2 MORE THAN ONE THOUSAND DOLLARS BUT DOES NOT EXCEED THREE
3 THOUSAND DOLLARS, MINUS THE TOTAL COST OF ALL ADDITIONAL
4 CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION; AND

5 (III) AN AMOUNT EQUAL TO FIFTEEN PERCENT PER YEAR ON THAT
6 PART OF THE UNPAID BALANCES OF THE AMOUNT FINANCED THAT IS MORE
7 THAN THREE THOUSAND DOLLARS, MINUS THE TOTAL COST OF ALL
8 ADDITIONAL CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION; OR

9 (b) AN AMOUNT EQUAL TO TWENTY-ONE PERCENT PER YEAR ON
10 THE UNPAID BALANCES OF THE AMOUNT FINANCED, MINUS THE TOTAL
11 COST OF ALL ADDITIONAL CHARGES LISTED IN SUBSECTION (3.5) OF THIS
12 SECTION.

13 (3.3) (a) EXCEPT AS PROVIDED IN SUBSECTION (3.3)(b) OF THIS
14 SECTION, THE TOTAL AMOUNT OF THE FINANCE CHARGE FOR A SUPERVISED
15 LOAN OR CONSUMER CREDIT SALE PURSUANT TO A REVOLVING CREDIT
16 ACCOUNT, CALCULATED ACCORDING TO THE ACTUARIAL METHOD, MAY
17 NOT EXCEED TWENTY-ONE PERCENT PER YEAR ON THE UNPAID BALANCE
18 OF THE AMOUNT FINANCED, MINUS THE TOTAL COST OF ALL ADDITIONAL
19 CHARGES LISTED IN SUBSECTION (3.5) OF THIS SECTION.

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

24 (3.5) IF A SUPERVISED LENDER OR SELLER THAT IS A
25 NONDEPOSITORY INSTITUTION CONTRACTS FOR ANY OF THE FOLLOWING
26 CHARGES, THE TOTAL AMOUNT OF ALL OF THE CHARGES MUST BE
27 INCLUDED IN THE CALCULATION OF THE FINANCE CHARGE PURSUANT TO

1 SUBSECTION (3.1) OR (3.3) OF THIS SECTION:

2 (a) ANY CREDIT INSURANCE PREMIUM OR FEE, ANY CHARGE FOR
3 SINGLE PREMIUM CREDIT INSURANCE, ANY FEE FOR A DEBT CANCELLATION
4 CONTRACT, OR ANY FEE FOR A DEBT SUSPENSION AGREEMENT;

5 (b) ANY OTHER CHARGES FOR INSURANCE LISTED IN SECTION
6 5-2-202 (1)(b) AND (3);

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

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

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

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

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

20 **SECTION 4. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly; except
23 that, if a referendum petition is filed pursuant to section 1 (3) of article V
24 of the state constitution against this act or an item, section, or part of this
25 act within such period, then the act, item, section, or part will not take
26 effect unless approved by the people at the general election to be held in

1 November 2024 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.