

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0731.01 Josh Schultz x5486

HOUSE BILL 24-1148

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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.

HOUSE
3rd Reading Unamended
March 28, 2024

HOUSE
Amended 2nd Reading
March 26, 2024

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 CHARGES FOR OTHER
16 BENEFITS CONFERRED ON THE CONSUMER AS DESCRIBED IN SECTION
17 5-2-202 (1)(d), THE TOTAL AMOUNT OF ALL OF THE CHARGES MUST BE
18 INCLUDED IN THE CALCULATION OF THE FINANCE CHARGE PURSUANT TO
19 SUBSECTION (3.1) OR (3.3) OF THIS SECTION.

20 **SECTION 3.** In Colorado Revised Statutes, 5-2-202, **amend** (1)
21 introductory portion and (1)(d); and **repeal** (1)(b), (1)(c.5), (1)(c.7), and
22 (3) as follows:

23 **5-2-202. Additional charges.** (1) SUBJECT TO THE PROVISIONS OF
24 SECTION 5-2-201 (3.5), in addition to the finance charge permitted by this
25 article 2 and in a consumer lease, a creditor may contract for and receive
26 the following additional charges in connection with a consumer credit
27 transaction:

1 (b) Charges for insurance as described in subsection (3) of this
2 section;

3 (c.5) Charges for debt cancellation contracts or debt suspension
4 contracts offered in compliance with 12 CFR 37 or 12 CFR 721 or other
5 federal law;

6 (c.7) Charges for guaranteed asset protection agreements, as
7 defined in section 5-9.3-103 (4), offered in compliance with article 9.3 of
8 this title 5;

9 (d) Charges for other benefits conferred on the consumer
10 including insurance, if the benefits are of value to the consumer and if the
11 charges are reasonable in relation to the benefits, are of a type that is not
12 for credit, and are authorized as permissible additional charges by rule
13 adopted by the administrator, INCLUDING:

14 (I) INSURANCE WRITTEN IN CONNECTION WITH THE TRANSACTION,
15 OTHER THAN INSURANCE PROTECTING THE CREDITOR AGAINST THE
16 CONSUMER'S DEFAULT OR OTHER CREDIT LOSS, IF:

17 (A) WITH RESPECT TO INSURANCE AGAINST LOSS OF OR DAMAGE
18 TO PROPERTY OR AGAINST LIABILITY, THE CREDITOR FURNISHES A CLEAR
19 AND SPECIFIC STATEMENT IN WRITING TO THE CONSUMER SETTING FORTH
20 THE COST OF THE INSURANCE IF OBTAINED FROM OR THROUGH THE
21 CREDITOR AND STATING THAT THE CONSUMER MAY CHOOSE THE PERSON
22 THROUGH WHOM THE INSURANCE IS TO BE OBTAINED; AND

23 (B) WITH RESPECT TO CONSUMER CREDIT INSURANCE PROVIDING
24 LIFE, ACCIDENT, OR HEALTH COVERAGE, THE INSURANCE COVERAGE IS NOT
25 A FACTOR IN THE APPROVAL BY THE CREDITOR OF THE EXTENSION OF
26 CREDIT AND THIS FACT IS CLEARLY DISCLOSED IN WRITING TO THE
27 CONSUMER AND IF, IN ORDER TO OBTAIN THE INSURANCE IN CONNECTION

1 WITH THE EXTENSION OF CREDIT, THE CONSUMER GIVES SPECIFIC
2 AFFIRMATIVE WRITTEN INDICATION OF THE CONSUMER'S DESIRE TO DO SO
3 AFTER WRITTEN DISCLOSURE TO THE CONSUMER OF THE COST OF THE
4 INSURANCE;

5 (II) CHARGES FOR DEBT CANCELLATION CONTRACTS OR DEBT
6 SUSPENSION CONTRACTS OFFERED IN COMPLIANCE WITH 12 CFR 37 OR 12
7 CFR 721 OR OTHER FEDERAL LAW;

8 (III) CHARGES FOR GUARANTEED ASSET PROTECTION
9 AGREEMENTS, AS DEFINED IN SECTION 5-9.3-101 (4), OFFERED IN
10 COMPLIANCE WITH ARTICLE 9.3 OF THIS TITLE 5;

11 (IV) FOR INSURANCE NOT COVERED UNDER SUBSECTION (1)(d)(I)
12 OF THIS SECTION, ANY CREDIT INSURANCE PREMIUM OR FEE, ANY CHARGE
13 FOR SINGLE PREMIUM CREDIT INSURANCE, ANY FEE FOR A DEBT
14 CANCELLATION CONTRACT, OR ANY FEE FOR A DEBT SUSPENSION
15 AGREEMENT; AND

16 (V) ANY FEE FOR A CREDIT-RELATED ANCILLARY PRODUCT SOLD
17 IN CONNECTION WITH THE CREDIT TRANSACTION; AND

18 (3) ~~An additional charge may be made for insurance written in
19 connection with the transaction, other than insurance protecting the
20 creditor against the consumer's default or other credit loss, if:~~

21 ~~(a) With respect to insurance against loss of or damage to property
22 or against liability, the creditor furnishes a clear and specific statement in
23 writing to the consumer setting forth the cost of the insurance if obtained
24 from or through the creditor and stating that the consumer may choose the
25 person through whom the insurance is to be obtained; and~~

26 ~~(b) With respect to consumer credit insurance providing life,
27 accident, or health coverage, the insurance coverage is not a factor in the~~

1 approval by the creditor of the extension of credit and this fact is clearly
2 disclosed in writing to the consumer and if, in order to obtain the
3 insurance in connection with the extension of credit, the consumer gives
4 specific affirmative written indication of the consumer's desire to do so
5 after written disclosure to the consumer of the cost thereof.

6 **SECTION 4.** In Colorado Revised Statutes, 5-6-104, **amend** (2)
7 as follows:

8 **5-6-104. Powers of administrator - harmony with federal**
9 **regulations - reliance on rules.** (2) The administrator may adopt rules
10 not inconsistent with the federal "Truth in Lending Act" and federal
11 "Consumer Leasing Act" to assure a meaningful disclosure of credit terms
12 so that a prospective consumer will be able to compare more readily the
13 various credit terms available to ~~him or her~~ THE CONSUMER and to avoid
14 the uninformed use of credit. Such rules ~~shall supersede any provisions~~
15 ~~of this code that are inconsistent with the federal "Truth in Lending Act"~~
16 ~~and federal "Consumer Leasing Act"~~, may contain classifications,
17 differentiations, or other provisions and may provide for adjustments and
18 exceptions for any class of transactions subject to this code that, in the
19 judgment of the administrator, are necessary or proper to effectuate the
20 purposes of, or to prevent circumvention or evasion of, or to facilitate
21 compliance with, the provisions of this code relating to disclosure of
22 credit terms.

23 **SECTION 5. Act subject to petition - effective date.** This act
24 takes effect at 12:01 a.m. on the day following the expiration of the
25 ninety-day period after final adjournment of the general assembly; except
26 that, if a referendum petition is filed pursuant to section 1 (3) of article V
27 of the state constitution against this act or an item, section, or part of this

1 act within such period, then the act, item, section, or part will not take
2 effect unless approved by the people at the general election to be held in
3 November 2024 and, in such case, will take effect on the date of the
4 official declaration of the vote thereon by the governor.