

## CHAPTER 75

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**PROFESSIONS AND OCCUPATIONS**


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**HOUSE BILL 93-1254**

BY REPRESENTATIVES Strom, Schauer, Hagedorn, Reeves, and Snyder;  
also SENATORS Cassidy and R. Powers.

**AN ACT****CONCERNING THE REGULATION OF DEBT MANAGEMENT COMPANIES.**

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

**SECTION 1.** 12-20-103 (3), Colorado Revised Statutes, 1991 Repl. Vol., is amended to read:

**12-20-103. Licensing of debt management companies.** (3) Each application shall be accompanied by SUCH EVIDENCE OF A SAVINGS ACCOUNT, DEPOSIT, OR CERTIFICATE OF DEPOSIT MEETING THE REQUIREMENTS OF SECTION 11-35-101, C.R.S., a SURETY bond ~~to be approved by the banking board~~ RUNNING to the people of the state of Colorado, ~~in the penal sum of twenty-five thousand dollars, and conditioned that the obligor will not violate any law pertaining to such business and upon the faithful accounting of~~ INSURANCE, OR OTHER EVIDENCE OF FINANCIAL RESPONSIBILITY AS THE BANKING BOARD BY RULE DETERMINES TO BE NECESSARY AND APPROPRIATE FOR THE PROTECTION OF DEBTORS. THE AMOUNT OF THE SURETY BOND OR THE SURETY BOND ALTERNATIVE MEETING THE REQUIREMENTS OF SECTION 11-35-101, C.R.S., SHALL NOT EXCEED TWENTY-FIVE THOUSAND DOLLARS. THE APPLICANT SHALL ATTEST TO FAITHFULLY ACCOUNT FOR all moneys collected upon accounts entrusted to ~~such person engaged in debt management and his~~ IT AND ITS employees and agents. No individual, partnership, unincorporated association, or corporation shall engage in the business of debt management until ~~a good and sufficient bond is filed in accordance with the provisions of this article~~ IT HAS COMPLIED WITH THIS SUBSECTION (3) AND THE RULES OF THE BANKING BOARD.

**SECTION 2.** 12-20-106, Colorado Revised Statutes, 1991 Repl. Vol., is amended to read:

**12-20-106. License renewal.** Each licensee, on or before December first, may

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

make application to the banking board for renewal of ~~his~~ SUCH LICENSEE'S license. The application shall be on the form prescribed by the banking board and shall be accompanied by a fee in an amount set by the banking board pursuant to section 11-2-103 (11), C.R.S., together with ~~a bond~~ EVIDENCE OF FINANCIAL RESPONSIBILITY as in the case of an original application, except that the original application shall be accompanied by an additional fee in an amount set by the banking board pursuant to section 11-2-103 (11), C.R.S. A separate application shall be made for each office maintained by the applicant.

**SECTION 3.** 12-20-108 (4), Colorado Revised Statutes, 1991 Repl. Vol., is amended to read:

**12-20-108. Duties of licensee.** (4) Each licensee shall make remittances to creditors within ~~two working days~~ ONE MONTH after receipt of any funds, OR SUCH SHORTER PERIOD AS MAY BE PROVIDED UNDER THE SCHEDULE OF REPAYMENT PURSUANT TO SECTION 12-20-107, less fees and costs. ~~unless the reasonable payment of one or more of the debtor's obligations requires that such funds be held for a longer period so as to accumulate a sum certain.~~

**SECTION 4.** 12-20-110 (1) (g), Colorado Revised Statutes, 1991 Repl. Vol., is amended, and the said 12-20-110 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**12-20-110. Unlawful acts by licensee.** (1) It is unlawful and a violation of this article for the holder of any license issued under the terms and provisions of this article:

(g) To include within the scope of ~~his~~ SUCH LICENSEE'S business ~~any payments of interest on or principal of a mortgage on real property due by a debtor~~ THE PAYMENT OF INTEREST ON OR PRINCIPAL OF A DEBT SECURED BY A MORTGAGE OR OTHER SECURITY INTEREST ON REAL PROPERTY OWNED BY A DEBTOR UNLESS THE MORTGAGEE OR SECURED PARTY HAS AGREED TO A SCHEDULE OF PAYMENTS PURSUANT TO SECTION 12-20-107;

(h) TO OBTAIN ANY MORTGAGE OR OTHER SECURITY INTEREST ON REAL PROPERTY OWNED BY A DEBTOR.

**SECTION 5.** 11-35-101 (1), Colorado Revised Statutes, 1987 Repl. Vol., as amended, is amended to read:

**11-35-101. Alternatives to surety bonds permitted - requirements.** (1) The requirement of a surety bond as a condition to licensure or authority to conduct business or perform duties in this state provided in sections 10-2-104 (1) (g), 10-2-111 (1) and (3), 10-2-207 (8) (a) and (8) (b) (II), 12-6-111, 12-6-112, 12-6-112.2, 12-11-101 (1) (d), 12-11-104, 12-11-106, 12-14-124 (1), 12-20-103 (3), 12-20-106, 12-53-103 (2) (e) (I), 12-59-115 (1), 12-60-112 (2) and (2.5) (b), 33-4-101 (1), 33-12-104 (1), 35-33-403 (3), 35-55-104 (1), 37-91-107 (2) and (3), 38-29-119 (2), 38-39-102 (3) (b), 39-21-105 (4), 39-27-104 (2) (a), (2.5) (a), and (2.5) (b), 39-27-204 (4) (a), (4.5), and (6), 39-28-105 (1), 42-6-113 (2), and 42-7-301 (6), C.R.S., may be satisfied by a savings account or deposit in or a certificate of deposit issued by a state or national bank doing business in this state or

by a savings account or deposit in or a certificate of deposit issued by a state or federal savings and loan association doing business in this state. Such savings account, deposit, or certificate of deposit shall be in the amount specified by statute, if any, and shall be assigned to the appropriate state agency for the use of the people of the state of Colorado. The aggregate liability of the bank or savings and loan association shall in no event exceed the amount of the deposit. For the purposes of the sections referred to in this section, "bond" includes the savings account, deposit, or certificate of deposit authorized by this section.

**SECTION 6. Effective date.** This act shall take effect July 1, 1993; except that section 4 of this act shall take effect upon its passage.

**SECTION 7. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 31, 1993