

## CHAPTER 184

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**CONSUMER AND COMMERCIAL TRANSACTIONS**


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**HOUSE BILL 04-1394**

BY REPRESENTATIVE(S) Fairbank, Harvey, and Spradley;  
also SENATOR(S) Kester.

**AN ACT**

**CONCERNING ALTERNATIVE LOAN CHARGES BY SUPERVISED LENDERS FOR SMALL LOANS.**

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

**SECTION 1.** Part 2 of article 2 of title 5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**5-2-214. Alternative charges for loans not exceeding one thousand dollars.**

(1) FOR A CONSUMER LOAN WHERE THE AMOUNT FINANCED IS NOT MORE THAN ONE THOUSAND DOLLARS, A SUPERVISED LENDER MAY CHARGE, IN LIEU OF THE LOAN FINANCE CHARGES PERMITTED BY SECTION 5-2-201, THE FOLLOWING FINANCE CHARGES:

(a) AN ACQUISITION CHARGE FOR MAKING THE LOAN, NOT TO EXCEED TEN PERCENT OF THE AMOUNT FINANCED; AND

(b) A MONTHLY INSTALLMENT ACCOUNT HANDLING CHARGE, NOT TO EXCEED THE FOLLOWING AMOUNTS:

AMOUNT FINANCED	PER MONTH CHARGE
\$100.00 - \$ 300	\$12.50
\$300.01 - \$ 500	\$15.00
\$500.01 - \$ 750	\$17.50
\$750.01 - \$1,000	\$20.00

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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.*

(2) THE MINIMUM TERM OF A LOAN MADE PURSUANT TO THIS SECTION SHALL BE NINETY DAYS. THE MAXIMUM TERM OF A LOAN MADE PURSUANT TO THIS SECTION SHALL BE TWELVE MONTHS. ALL LOANS SHALL BE SCHEDULED TO BE PAYABLE IN SUBSTANTIALLY EQUAL INSTALLMENTS AT EQUAL PERIODIC INTERVALS.

(3) ON A LOAN SUBJECT TO THE ALTERNATIVE CHARGES AUTHORIZED BY THIS SECTION, NO OTHER FINANCE CHARGE OR ANY OTHER CHARGE OR FEE IS PERMITTED EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS SECTION AND EXCEPT FOR THE DELINQUENCY CHARGES PROVIDED FOR IN SECTION 5-2-203, REASONABLE ATTORNEY FEES PROVIDED FOR IN SECTION 5-5-112, AND THE FEE FOR A DISHONORED CHECK PROVIDED FOR IN SECTION 5-2-202 (1) (e) (II).

(4) THE ACQUISITION CHARGE AUTHORIZED IN THIS SECTION SHALL BE FULLY EARNED AT THE TIME THE LOAN IS MADE AND SHALL NOT BE SUBJECT TO REFUND; EXCEPT THAT, IF THE LOAN IS PREPAID IN FULL, REFINANCED, OR CONSOLIDATED WITHIN THE FIRST SIXTY DAYS, THE FIRST TEN DOLLARS OF THE ACQUISITION CHARGE SHALL BE RETAINED BY THE LENDER AND THE REMAINDER OF THE ACQUISITION CHARGE SHALL BE REFUNDED AT A RATE OF ONE-SIXTIETH OF THE REMAINDER OF THE ACQUISITION CHARGE PER DAY, BEGINNING ON THE DAY AFTER THE DATE OF THE PREPAYMENT, REFINANCING, OR CONSOLIDATION AND ENDING ON THE SIXTIETH DAY AFTER THE LOAN WAS MADE.

(5) UPON THE PREPAYMENT OF A LOAN MADE PURSUANT TO THIS SECTION, THE UNEARNED PORTION OF THE INSTALLMENT ACCOUNT HANDLING CHARGE SHALL BE REFUNDED TO THE CONSUMER. THE UNEARNED PORTION OF THE INSTALLMENT ACCOUNT HANDLING CHARGE THAT IS REFUNDED SHALL BE CALCULATED BY MULTIPLYING THE CHARGE BY A FRACTION IN WHICH THE NUMERATOR IS THE NUMBER OF DAYS REMAINING IN THE LOAN TERM AND THE DENOMINATOR IS THE ORIGINAL NUMBER OF DAYS CONTRACTED FOR IN THE LOAN TERM. IF THE REFUND AMOUNT IS LESS THAN ONE DOLLAR, THE LENDER IS NOT REQUIRED TO MAKE A REFUND TO THE CONSUMER.

(6) THE RATES AND CHARGES PERMITTED BY THIS SECTION SHALL NOT APPLY TO DEFERRED DEPOSIT LOANS SUBJECT TO ARTICLE 3.1 OF THIS TITLE.

**SECTION 2. Effective date - applicability.** (1) This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 4, 2004, if adjournment sine die is on May 5, 2004); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) This act shall apply to loans made on or after the applicable effective date of this act.

Approved: April 21, 2004