

CHAPTER 193

CONSUMER AND COMMERCIAL TRANSACTIONS

SENATE BILL 07-144

BY SENATOR(S) Kester, and Schwartz;
also REPRESENTATIVE(S) Jahn, and Kerr J.**AN ACT**

CONCERNING CHANGES TO THE UNIFORM CONSUMER CREDIT CODE CONCERNING SMALL CONSUMER LOANS, AND, IN CONNECTION THEREWITH, LIMITING THE NUMBER OF TIMES A LOAN MAY BE REFINANCED, PROHIBITING A CREDITOR FROM TAKING COLLATERAL FROM A CONSUMER, AND CHANGING THE WAY A REFUND IS CALCULATED FOR THE PREPAYMENT OF SMALL CONSUMER LOANS.

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

SECTION 1. 5-2-214 (1) (a), Colorado Revised Statutes, is amended, and the said 5-2-214 is further amended BY THE ADDITION OF A NEW PARAGRAPH, 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 ORIGINAL loan, not to exceed ten percent of the amount financed; ~~and~~

(a.5) AN ACQUISITION CHARGE FOR MAKING ANY REFINANCED LOAN, NOT TO EXCEED SEVEN AND ONE-HALF PERCENT OF THE AMOUNT FINANCED; AND

SECTION 2. 5-2-214 (5), Colorado Revised Statutes, is amended, and the said 5-2-214 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

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

(5) Upon the prepayment of a loan made pursuant to this section, the unearned

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

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. PURSUANT TO THE PROVISIONS ON REBATE UPON PREPAYMENT CONTAINED IN SECTION 5-2-211 ON THE DATE OF REFINANCING; EXCEPT THAT, FOR THE PURPOSE OF COMPUTING THIS AMOUNT, NO MINIMUM CHARGE DESCRIBED IN SECTION 5-2-201 SHALL BE ALLOWED.

(7) A LENDER SHALL NOT TAKE COLLATERAL FROM A CONSUMER AS SECURITY FOR PAYMENT FOR ANY LOAN MADE PURSUANT TO THIS SECTION.

(8) A LENDER MAY NOT REFINANCE A LOAN MADE PURSUANT TO THIS SECTION MORE THAN THREE TIMES IN ONE YEAR.

SECTION 3. Effective date. 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 8, 2007, if adjournment sine die is on May 9, 2007); 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.

Approved: May 3, 2007