

DEPARTMENT OF LAW

Administrator - Uniform Consumer Credit Code and Commission on Consumer Credit

UNIFORM CONSUMER CREDIT CODE RULES

4 CCR 902-1

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

These Rules Shall Be Effective November 1, 2000

Rule 1 Right to Rescind Certain Transactions

(repealed effective November 1, 2000).

Rule 2 Limitations on Garnishment of Earnings for Pay Periods Other Than a Week

- (a) For purposes of § 5-5-106(2)(c), C.R.S., the “multiple” of the federal minimum hourly wage equivalent to that applicable to the disposable earnings for one week is represented by the following formula:

The number of workweeks, or fractions thereof, times 30 times the applicable federal minimum wage. For the purpose of this formula, a calendar month is considered to consist of 4 1/3 workweeks.

Rule 3 Permissible Additional Charges – Single Premium Non-Credit Insurance

- (a) A creditor may sell single premium non-credit insurance in connection with a consumer credit transaction provided that:
- (1) The insurance coverage is not a factor in the approval of credit and this fact is clearly disclosed in writing to the consumer.
 - (2) In order to obtain the insurance the consumer gives specific affirmative written indication of the consumer's desire to purchase the insurance after receiving written disclosure of the cost.
 - (3) The insurance policy allows the insured consumer thirty (30) days to cancel the policy, without cost.
 - (4) If the insured does cancel the policy within the thirty (30) day period the premium shall be returned directly to the insured.
 - (5) If the insured makes a valid claim the benefits shall be paid directly to the insured, the designated beneficiaries, or the estate, but not to the creditor.
- (b) If the insurance sold meets both the definition of non-credit insurance in part (c) of this rule and all of the five conditions listed above, the charge for such insurance may be excluded as a permissible additional charge from the finance charge.
- (c) “Non-credit insurance” means insurance conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, and are of a type that is not for credit.

Rule 4 Permissible Additional Charges - Involuntary Unemployment Insurance Premiums

- (a) Pursuant to § 5-2-202(1)(d), C.R.S., the administrator finds that involuntary unemployment insurance sold in conformity with the provisions of this rule is a benefit to the borrower and that the charges are reasonable in relation to the benefits and are not of a type for credit.
- (b) Premiums for involuntary unemployment insurance are permissible additional charges if all of the following conditions are met fully:
1. The insurance coverage is not a factor in the extension of credit and this fact is clearly disclosed in writing to the consumer.
 2. The premium for the initial term of insurance coverage is disclosed. If the term of insurance is less than the term of the transaction, the term of insurance also shall be disclosed. The premium may be disclosed on a unit-cost basis only in revolving credit transactions.
 3. The number of installment or other payments payable by the insurance covering the consumer and any limitation on the amount of such payments are disclosed clearly in writing to the consumer.
 4. The creditor secures that consumer's consent for a specific amount and cost of insurance if sold by the creditor before inclusion of the insurance premium in any quoted installment or other payment or in any document prepared for closing. In order to obtain the insurance the consumer gives specific written affirmative indication of the consumer's desire to purchase the insurance after receiving the disclosures specified in this rule.
 5. The insurance policy allows the insured consumer to cancel the policy within thirty (30) days with a refund of all of the premiums and without cost, and to cancel the policy at any time thereafter with a refund of unearned premiums, and the insured receives written disclosure of these facts.
 6. If the insured does cancel the policy the premium refund is returned directly to the consumer or credited to the consumer's account as a partial prepayment of the indebtedness.
 7. The sale of the insurance fully complies with all federal and Colorado laws and regulations concerning consumer credit insurance, including without limitation parts 1 and 2, article 4, title 5, C.R.S.
 8. The consumer receives written disclosure of the length of any deductible period before the insurance benefits are payable and whether the benefits are retroactive to the commencement of involuntary unemployment.
 9. The creditor makes prompt refund to the consumer of all finance charges calculated according to the actuarial method based upon the refunded premiums and the terms of the transaction if the creditor financed the premiums in a precomputed transaction, the consumer cancels the insurance, and the creditor refunds the premiums by credit to the consumer's account.
 10. In the event the creditor sells both involuntary unemployment insurance and another form of consumer credit insurance, neither policy provides for a denial of benefits because of pre-existing coverage by the other policy if insured events under both policies lead to simultaneous claims, and benefits are coordinated until all liability is paid in full.
 11. In the event of either voluntary or involuntary prepayment of the indebtedness, a refund of unearned premiums is made in accordance with article 4, title 5, C.R.S.
 12. If the policy provides for a waiting period after the effective date of the policy during which no

claim may be made, that fact is disclosed in writing to the consumer.

- (c) "Involuntary unemployment insurance" means insurance providing the insured consumer with coverage for consumer credit repayment obligations for a period or periods during which the consumer is involuntarily unemployed. "Involuntary unemployment insurance" includes only insurance at least providing benefits for loss of employment income caused by individual or mass layoff, general strike, termination by employer, unionized labor dispute, and lockout. "Involuntary unemployment insurance" does not include insurance as to which a finance charge is imposed and provided in relation to a credit transaction in which a payment is scheduled more than ten (10) years after the extension of credit.

Rule 5 Class of Transactions Exempt From the Balloon Payment Refinance Provision

The class of consumer credit transactions that provides for periodic payments of interest only throughout the term of the consumer credit sale or loan and that has a scheduled payment more than twice as large as the average of all other regularly scheduled payments is not subject to the disclosure and right to refinance provisions of § 5-3-208, C.R.S. However, if the transaction, as originally scheduled, does not provide for periodic payments sufficient to pay all the interest due to the date of each scheduled payment then the transaction is subject to the provisions of § 5-3-208, C.R.S.

Rule 6 Actuarial Method

For all purposes under the Uniform Consumer Credit Code, as far as practicable, "actuarial method" shall be that set forth in the federal Truth in Lending Act and any regulation thereunder, including 12 C.F.R. 226, appendix J (Regulation Z, appendix J - annual percentage rate computations for closed-end credit transactions, promulgated by the Board of Governors of the Federal Reserve System). "Actuarial method" shall include the United States Rule method set forth in 12 C.F.R. 226, appendix J (a)(3).

Rule 7 Multiple Agreements and Post Dated Checks

(repealed effective [November 1, 2000](#)).

Rule 8 Permissible Additional Charges - Guaranteed Automobile Protection

A fee or charge for guaranteed automobile protection ("GAP") may be contracted for and received as an additional charge if all of the conditions listed below are met. Failure to comply with all provisions of this rule shall mean that the fee or charge for GAP is not a permitted additional charge under Uniform Consumer Credit Code ("UCCC") § 5-2-202(1)(d). This rule is inapplicable to GAP included in consumer leases, to other debt cancellation agreements in consumer credit sales or consumer loans that do not meet this definition, and to transactions not subject to the UCCC.

- (a) GAP means an agreement structured as either an insurance policy or a contractual term sold or written in consumer credit sales [5-1-301(11)] or consumer loan transactions [5-1-301(15)] that relieves the consumer of liability for the deficiency balance remaining after the payment of all insurance proceeds (or deducting the amount that would have been paid if the contractually required insurance had been maintained at the time of the loss) for property damage upon the total loss of the consumer's automobile(s) that was collateral securing the credit sale or consumer loan, whether the loss occurred from the total destruction of the vehicle, the theft of the vehicle, or both. "Automobile" includes any motor vehicle that may be used as collateral securing a consumer credit transaction.
- (b) The consumer must provide affirmative written authorization for the purchase of GAP after receiving written notice of the following in bold face type before credit is extended:
- (1) that the purchase of GAP is not required in order to obtain the credit or any particular or

favorable credit terms;

- (2) the fee or premium for GAP;
 - (3) that the consumer may wish to consult an insurance agent to determine whether similar coverage may be obtained and at what cost;
 - (4) that GAP benefits may decrease over the term of the consumer credit sale or consumer loan;
 - (5) that the consumer may cancel GAP for any or no reason within thirty (30) days after GAP was purchased and receive a full refund of the GAP fee or premium so long as no loss or event covered by GAP has occurred; and,
 - (6) GAP is not a substitute for collision or property damage insurance.
- (c) At the time the consumer provides affirmative written authorization to purchase GAP, the creditor shall provide the consumer with a separate written cancellation form. The form shall:
- (1) include the name and mailing address to be used to cancel GAP;
 - (2) state clearly and conspicuously that the consumer has an unconditional right to cancel GAP for a full refund within thirty (30) days after it was purchased; and,
 - (3) state that in order to cancel GAP, the consumer must complete and return the form or send any other written notice of cancellation to the address provided postmarked no later than thirty (30) days after GAP was purchased.
- (d) At the time the consumer provides affirmative written authorization to purchase GAP, the creditor must deliver to the consumer the GAP insurance policy, certificate, or written description of GAP's benefits, terms, conditions, and exclusions and the procedure and timing to be followed to make a claim after a total loss.
- (e) GAP must pay or forgive the deficiency balance owed by the consumer at the time of the total loss with the exception of amounts previously owed for unpaid installments, legally permitted delinquency fees, insufficient funds checks, premiums for creditor-imposed property damage insurance, and deferral fees. GAP must pay or forgive the deficiency balance that would have been owed if the consumer had maintained property damage insurance on the automobile (even if the consumer has not done so) or if the creditor has purchased property damage insurance for the automobile and added it to the amount of the debt pursuant to UCCC § 5-2-209, C.R.S.
- (f) As part of payment of or relief from liability of the deficiency balance, GAP must provide the consumer with a full refund or credit of the amount of the consumer's deductible for property damage insurance up to an amount including five hundred (\$500) dollars.
- (g) GAP may not be sold pursuant to this rule if (1) the consumer; (2) the credit terms including but not limited to cash price, automobile value or amount financed; or, (3) the automobile used as collateral for the credit transaction, do not qualify for or conflict with any restrictions or limitations of the GAP policy or contract conditions. For example:
- (1) if GAP will not provide coverage or debt cancellation for identified automobile makes and models frequently subject to theft or to consumers living in certain neighborhoods, it may not be sold pursuant to this rule if the automobile securing the loan is one of the identified makes and models or if the consumer lives in an excluded neighborhood; or,
 - (2) if GAP will not provide coverage or debt cancellation if the automobile sale price is more than

the manufacturer's suggested retail price ("MSRP") or if the retail value of the automobile exceeds 120% of "Blue Book" value, it may not be sold pursuant to this rule if the price exceeds the MSRP or if the loan to value ratio is 125%.

In addition, GAP may not be sold pursuant to this rule if the transaction would be unconscionable pursuant to UCCC § 5-4-106, 5-5-109, or 5-6-112, C.R.S.

- (h) If the consumer credit sale or consumer loan is prepaid prior to maturity or the vehicle is no longer in the consumer's possession due to the creditor's lawful repossession and disposition of the collateral, and if no GAP claim has been made, the creditor must refund to the consumer the unearned fee or premium paid for GAP. If GAP was provided as a contractual term, the refund shall be made using a pro-rata method. If GAP is determined to be insurance, the refund method used shall be any method authorized under applicable insurance statutes, rules, or interpretations of the Colorado Division of Insurance.
- (i) Only one fee or charge for GAP may be contracted for and received regardless of the number of co-borrowers, co-signers, or guarantors in the credit transaction. In the event that GAP has been sold and a valid claim has been made, the creditor may not seek indemnification from the consumer, co-borrowers, co-signers, or guarantors.
- (j) A consumer shall have ninety (90) days after the loss settlement from any property damage insurance or from the date the creditor notifies the consumer of any deficiency balance owed, whichever is later, to file a GAP claim or seek debt cancellation from the creditor.
- (k) The maximum fee that may be charged for GAP shall not exceed the following:

\$300 or 2% of the amount financed, whichever is higher.

This provision (k) shall not apply to any GAP insurance that is subject to regulation by the Colorado Division of Insurance.

- (l) Every provision of this rule applies equally to any assignee or holder of a consumer credit sale or consumer loan containing a fee or charge for GAP. No creditor, assignee, or holder shall have any subrogation rights against the consumer.
- (m) Every consumer credit sale or consumer loan that includes a fee or premium for GAP shall contain in the written agreement signed by the consumer a provision substantially similar to the following:

If this transaction contains a fee or premium for guaranteed automobile protection, all holders and assignees of this consumer credit transaction are subject to all claims and defenses which the consumer could assert against the original creditor resulting from the consumer's purchase of guaranteed automobile protection.

Rule 9 Supervised Lender License Applications, Surety Bonds, and Changes of Ownership

(a) Application.

(1) An application for a supervised lender's license shall be considered "filed" for purposes of Uniform Consumer Credit Code § 5-2-302(3) once all information required by the Administrator from the applicant has been received.

(2) If the applicant has not filed all material requested within two (2) months after being notified by the Administrator of incomplete or missing information, the application may be denied.

(b) Financial Responsibility.

- (1) The references to financial responsibility in Uniform Consumer Credit Code ("UCCC") § 5-2-302(2) and 5-2-304(2), C.R.S. shall be satisfied by one or more of the forms permitted by this rule in an amount based on the volume of Colorado supervised loans made and taken by assignment in the prior calendar year as reflected in the table below. If no supervised loans were made or taken by assignment in the prior calendar year, and the supervised lender is required by law to maintain a supervised lender's license, the lender shall maintain the minimum amount of financial responsibility required by this rule. In lieu of filing and maintaining evidence of financial responsibility for each master and branch licensed location, the applicant/licensee may maintain one form of financial responsibility for all licensed locations but the aggregate dollar amount required for all licensed locations need not exceed \$250,000.

<u>VOLUME OF SUPERVISED LOANS MADE AND TAKEN BY ASSIGNMENT IN PRIOR CALENDAR YEAR (excluding finance charges)</u>	<u>AMOUNT PER LICENSE</u>
0 to \$500,000 or initial application	\$15,000
\$500,001 to \$1,000,000	\$20,000
>\$1,000,000	\$25,000

(A) Surety Bond

- (I) The bond shall be in the manner prescribed by the Administrator and shall be issued by a surety licensed by the Colorado Commissioner of Insurance to transact the business of fidelity and surety insurance. The bond shall be in favor of the Attorney General of the State of Colorado for use by the Administrator of the Uniform Consumer Credit Code on behalf of the People of the State of Colorado. The bond shall be conditioned upon the compliance by the licensee with all provisions of the UCCC and rules and regulations lawfully adopted thereunder and the payment to the UCCC Administrator or to any person(s) who may have a cause of action against the licensee under the UCCC, of any and all amounts of money that may become due or owing to the UCCC Administrator or to such person(s) from the licensee.
- (II) Should the surety cancel or reduce the penal sum of the bond, the surety must immediately provide written notification to the Administrator of the UCCC. The bond may be canceled or reduced no sooner than thirty (30) days after receipt of the cancellation notice by the Administrator. Upon receipt of a notice of cancellation or reduction of a bond, the Administrator must mail written notification to the licensee of its obligation to replace the bond with a new surety bond or increase the bond prior to the effective date of cancellation.
- (III) The bond must provide that the liability of the surety upon the bond shall cease no sooner than two (2) years after the surrender, revocation, or expiration of the license.

(B) Cash Surety - evidence of a savings account, deposit, or certificate of deposit in or

issued by a state bank, national bank, or savings and loan association doing business in Colorado, assigned to the Administrator of the Colorado Uniform Consumer Credit Code for use by the People of the State of Colorado. Interest and dividends earned on the principal amount may be retained by the applicant/licensee. Cash surety assignments may not be released prior to two (2) years after the surrender, revocation, or expiration of the license. The cash surety must comply with section 11-35-101, C.R.S. (alternatives to surety bonds permitted - requirements).

(C) Letter of credit - an irrevocable letter of credit in favor of the Administrator of the Colorado Uniform Consumer Credit Code for use by the People of the State of Colorado issued by a state bank, national bank, or savings and loan association doing business in Colorado. The letter of credit shall be for a term of two years and must provide that the liability of the issuer shall cease no sooner than two (2) years after the surrender, revocation, or expiration of the license. The letter of credit must comply with section 11-35-101.5, C.R.S. (irrevocable letter of credit permitted - requirements).

(2) All licensees that have filed forms of financial responsibility other than those listed above shall have until June 1, 2001 to file proof financial responsibility that meets the requirements of this rule.

(c) Change of Ownership.

(1) Within thirty (30) days after a change of ownership of a licensed supervised lender consisting of 50% or more of the membership interests in a limited liability company or 50% or more of the voting stock of a corporation, in any one transaction or a cumulative change of ownership of fifty percent or more from the date of the issuance of the license or from the date of the last notification and payment of the annual license fee, the licensee shall provide written notification of the change. The Administrator may require the licensee to provide additional information or file a new license application. If the Administrator requests additional information or a new license application, the licensee may continue to operate as a supervised lender until notified that the change is approved. This requirement shall not apply to corporations or other entities filing registration statements and periodic current reports under the federal Securities Exchange Act of 1934 [15 U.S.C. § 78a et seq.].

(2) At least fifteen (15) days prior to a change of ownership of a licensed supervised lender consisting of a change of partner or sole proprietor, the licensee shall reapply for a new license in the manner prescribed by the Administrator. The licensee may continue to operate as a licensed supervised lender until the Administrator has acted on the license application.

Rule 10 Records to be Maintained by Creditors

(a) A creditor must maintain and make available records for compliance examinations and investigations that enable the Administrator to determine that the creditor is in compliance with the Colorado Uniform Consumer Credit Code ("UCCC"). These records include, but are not limited to, the following as applicable:

1. Advertising and solicitation material.
2. Credit applications, approvals, and denials.
3. Disclosures required by the UCCC, including the Deferred Deposit Loan Act, and the federal

Truth in Lending and Truth in Leasing Acts, and any regulations thereunder.

4. Promissory notes, loan agreements, retail installment sales contracts, invoices, purchase orders, and buyer's orders.
5. Co-signer notices.
6. Rescission notices.
7. Payment and account history documents including application of payment to principal and interest, prepayment, payment in full, delinquency fees, insufficient check fees, credits and refunds, and ledger transaction codes.
8. Delinquency fee and deferral notices.
9. Change in terms notices.
10. Right to cure, default, and repossession of collateral notices.
11. Collection attempt documentation including records of the time, date, and substance of telephone calls.
12. Insurance authorizations, policies, premiums, and certificates.
13. Authorization for benefits permitted as additional charges by UCCC rule.
14. Receipts for cash payments.
15. Release of security interests, termination of financing statements, and payment in full notices.
16. Credit reports, appraisals, title policies, and other records of closing costs on real estate secured transactions legally permitted to be excluded from the finance charge.
17. For deferred deposit lenders, a consumer log including the consumer's name, date of all loans made to the consumer for the prior four years, due date, actual payment date, and method of payment (e.g., consumer's check deposited or cashed; payment electronically debited from consumer's bank account; consumer redeems check or debit authorization with cash; loan renewed, refinanced, extended or rolled).
18. For deferred deposit lenders, daily activity logs, check and cash disbursement registers, and bank records including bank statements and deposit slips reflecting disbursements of loan proceeds and payments on deferred deposit loans.
19. For deferred deposit lenders, records of postings of charges, notices on assignment or sale of instruments, and compliance with renewal limitations and requirements.

Rule 11 Payoff Quotes

- (a) A creditor must deliver or mail a written payoff quote to a consumer within five (5) business days after receipt of the consumer's written request. If so requested by the consumer, the quote may be made by electronic means or orally. A business day does not include a Saturday, Sunday, or legal holiday. No fee may be charged for a payoff quote.
- (b) The payoff quote must include the date by which payment must be made for the payoff quote to be

valid.

- (c) The creditor may require the consumer to provide reasonable identifying information such as the consumer(s) name, date of birth, social security number, account number, and consumer's signature.

Rule 12 Prompt Crediting of Payments

- (a) A creditor shall credit an accepted payment to the consumer's account as of the date of receipt except when a delay in crediting does not result in imposition of a finance charge, delinquency fee, or other charge or in the payment being reported as a slow or late payment. Deferred deposit loans, if paid by deposit of the consumer's check in the creditor's account, shall be credited as of the date of deposit.
- (b) This rule does not prohibit subsequent adjustments to a consumer's account to reflect dishonored checks, drafts, or other payment instruments.

Rule 13 Rebate of Prepaid Finance Charge Pursuant to § 5-2-207, C.R.S.

For purposes of Uniform Consumer Credit Code § 5-2-207, C.R.S., if within one year after making a consumer credit transaction for which a prepaid finance charge was imposed, the creditor refinances or consolidates the transaction and chooses to impose a prepaid finance charge on the aggregate principal resulting from the refinance or consolidation [5-2-207(2)(b)], the creditor must rebate any portion of the prepaid finance charge [5-1-301(20)] imposed on the previous transaction that:

- (a) on a fixed rate consumer credit transaction, exceeds the disclosed annual percentage rate; or
- (b) on a variable or adjustable rate consumer credit transaction, exceeds the lesser of 21% per year on the unpaid balance of the principal [5-2-201] or the maximum annual percentage rate imposed pursuant to the written credit agreement since the inception of the consumer credit transaction.

Rule 14 Fee Schedule

For calendar year 2007 and thereafter, unless modified by future rule, the amount payable for the following fees, whether initial or renewal, shall be:

Fee	Amount
Supervised Lender License (single or master license) [5-2-302(1)]	\$300*
Supervised Lender Branch License [5-2-302(1) & (5)]	\$200*
Notification Fee [5-6-203(1)]	\$20
Volume Fee [5-6-203(2) & (3)]	\$5 (per \$100,000)

Any fee not listed above shall be in the amount specified in the Colorado Uniform Consumer Credit Code ("UCCC").

* In addition to these license fees, there is a surcharge of \$100.00 on each supervised lender license and

branch license. The surcharge is deposited in the Colorado Department of Public Safety's Identity Theft and Financial Fraud Cash Fund and is authorized by section 24-33.5-1707(2)(b), C.R.S.

Rule 15 Notification Fees and Volume Fees

Rule 15 is repealed effective [January 1, 2004](#).