DEPARTMENT OF LAW

Administrator of the 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.]

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(Repealed effective November 1, 2000).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)(b), 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 in 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 a prompt refund to the consumer of all applicable 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, fees for the return or dishonor of checks or other instruments tendered as payment, 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.

(n) This rule shall remain in effect and apply to consumer credit sales and consumer loan transactions entered into before January 1, 2024.

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.

Volume of Supervised Loans Made and Taken by Assignment in Prior Calendar Year (excluding finance charges)	**Amount per License**
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, shall be issued by a surety licensed by the Colorado Commissioner of Insurance to transact the business of fidelity and surety insurance, and shall contain original signatures. 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 or reduction 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 file with the administrator, on or before the effective date of cancellation or reduction, a new surety bond, rider or other document increasing the bond, or notice from the surety rescinding the cancellation or reduction.

(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, containing original signatures, and 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 containing original signatures and written 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).

(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) Definitions

1. The term "log" shall mean a separate, unique record of an activity organized in an orderly fashion, typically chronologically. It should include, as applicable, names of consumers, account numbers, activity information, and other pertinent information as required by this rule for that activity. A log is not a collection of documents.

(b) Examples of Documents to Maintain. 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"). A creditor may maintain records in hard copy or electronic format but must make the records in the format maintained reasonably available to the Administrator. The Administrator provides the following examples of documents creditors should maintain. This is not an exhaustive list, and creditors should maintain all documents required to demonstrate compliance with the UCCC. The creditor shall make this information reasonably available to the Administrator. If the creditor does not maintain information that is reasonably available to the Administrator, it violates C.R.S. § 5-2-304(1) and § 5-3-109, as applicable.

1. Advertising and solicitation material.

2. Credit applications and any other documents obtained by a creditor or required by law verifying the financial information contained in the application, 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, lease 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 each payment (including payment attempts and returns) to principal and, if applicable, interest, prepayment, payment in full, delinquency fees, deferral fees, fees for the return or dishonor of checks or other instruments tendered as payment, credits and refunds, court costs, attorneys fees, and ledger transaction codes. The payment history should also provide the remaining balance after each transaction. The payment and account history should show the date(s) funds were disbursed, the date(s) consumers received funds, if different, and the dates of all other transactions affecting the balance. In addition, these records include origination/acquisition and monthly maintenance fees for loans made under the Deferred Deposit Loan Act; and acquisition and monthly installment account handling charges for loans made under § 5-2-214, C.R.S.

8. Delinquency fee and deferral notices.

9. Change in terms notices.

10. Right to cure, default, and repossession of collateral notices.

11. Collection attempts. These activities should be documented in a record log. The record log should list the activities in chronological order, and document the time, date, and substance of the activities. The creditor must document all collection activity in the record log, including, but is not limited to, collection letters, e-mails, phone calls, right to cure notices, and texts. If the creditor records calls, the call recordings must be retained.

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/payday loans, a consumer log including the consumer's name, date of all loans made to the consumer for the prior four years, amount financed, dollar amount of each of the three charges contracted for under section 5-3.1-105, C.R.S. (origination or acquisition fee earned as of the date of the loan, interest, and monthly maintenance fees), loan term, date of final payment, 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), for renewals the amount of any loan proceeds given to the consumer directly and/or paid to others on the consumer's behalf, and if applicable, the dates the lender offered written payment plans and the dates payment plans were established.

18. For deferred deposit/payday loans, 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/payday loans.

19. For deferred deposit/payday loans, records of postings of charges, notices on assignment or sale of instruments, and compliance with renewal limitations and payment plan requirements.

20. For loans made under section 5-2-214, "Alternative charges for loans not exceeding one thousand dollars:"

    (a) For each consumer, a consumer log including the consumer's name, date of all loans made to the consumer for the prior four years, date of actual final payment, amount financed, dollar amount of contractual acquisition charge, total dollar amount of contractual monthly installment account handling charge, loan term, method of payment (e.g., paid by consumer, refinanced, or consolidated), the dollar amount of any refunds paid to the consumer upon prepayment, and for refinances and consolidations the amount of any loan proceeds given to the consumer directly and/or paid to others on the consumer's behalf.

    (b) Daily activity logs of all loans made, refinanced, or consolidated, including the consumer's name, whether the consumer is new, a former customer, or a current customer; check and cash disbursement registers; and bank records including bank statements and deposit slips reflecting disbursements of loan proceeds and loan payments.

21. Creditors must maintain a record log listing in chronological order all loans and credit extensions to consumers.

22. Creditors must maintain daily activity logs, check and cash disbursement registers, and bank records including bank statements and deposit slips reflecting disbursements of loan proceeds and payments.

23. For guaranteed asset protection agreements ("GAP") under C.R.S. § 5-9.3-101 *et seq*., creditors must maintain and/or make reasonably available to the Administrator any GAP agreements with consumers; agreements with GAP administrators related to GAP; and records of GAP fees received, refunds provided, benefits provided and any deductions to the benefit.

    (a) Creditors must maintain either correspondence with consumers related to GAP claims and refunds, and correspondence with GAP administrators related to GAP claims and refunds; or creditors may alternatively maintain a log.

        i. If the creditor maintains a log for correspondence with consumers, the log should contain the date and substance of the communication, the date and amounts of GAP fees paid by the consumer, any refunds noticed or provided by the creditor, and any benefits provided and any deductions to the benefit by the creditor.

        ii. If the creditor maintains a log for correspondence with GAP administrators, the log should contain the date and substance of the communication, any refunds noticed or provided by the creditor, and any benefits provided and any deductions to the benefit by the creditor.

(c) Effective Date. The modifications to this rule shall be effective February 1, 2025.

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.

(1) 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.

(2) With respect to a transaction subject to § 5-2-207(2), C.R.S., if a creditor imposes a prepaid finance charge and the charge is set as a fixed dollar amount rather than a percentage of the loan amount, it may only impose a new prepaid finance charge on a refinance or consolidation within a one year period if it complies with § 5-2-207(2)(b), C.R.S.

Rule 14 Fee Schedule

(Repealed effective January 1, 2010)

Rule 15 Notification Fees and Volume Fees

(Repealed effective January 1, 2004)

Rule 16 Deferred Deposit Loan Payment Plans

This rule is repealed effective August 11, 2010 with respect to loans made or renewed under the Deferred Deposit Loan Act on or after that date. It remains in effect with respect to loans made or renewed prior to the repeal of § 5-3.1-108(5), C.R.S.

For deferred deposit loans subject to section 5-3.1-108(5), C.R.S. on voluntary payment plans, a lender shall also comply with this rule.

(a) Notice of Written Payment Plan Offers

(1) The written notice of the option to participate in a voluntary payment plan required in section 5-3.1-108(5)(a), C.R.S. shall state the following language in at least ten-point type:

"NOTICE OF PAYMENT PLAN OPTION

YOU HAVE THE RIGHT TO PARTICIPATE IN A VOLUNTARY PAYMENT PLAN TO REPAY THIS LOAN. IF YOU SELECT A PAYMENT PLAN, YOU MAY REPAY ANY AMOUNTS DUE IN AT LEAST 6 EQUAL INSTALLMENTS RATHER THAN 1 SINGLE PAYMENT. PAYMENTS WILL BE DUE ON YOUR PAYDAY OR DATE YOU RECEIVE BENEFITS. THERE IS NO ADDITIONAL FEE FOR A PAYMENT PLAN.

YOU MAY SELECT THE PAYMENT PLAN NOW OR AT ANY TIME BEFORE THE CLOSE OF BUSINESS ON THE DAY BEFORE THIS LOAN IS DUE. TO SELECT A PAYMENT PLAN (select either or both of the phrases below as applicable)

RETURN TO THIS LOCATION OR ANY OTHER BRANCH LOCATIONS WE OPERATE IN COLORADO. CONTACT OUR OFFICE FOR THE NAMES AND ADDRESSES OF OTHER BRANCH LOCATIONS, IF ANY, WE OPERATE IN COLORADO.

(and/or)

IF THIS LOAN WAS ORIGINATED AT A WEB SITE, BY TELEPHONE, OR AT ANOTHER REMOTE LOCATION, VISIT OR CONTACT US AT (insert applicable information).

THE DECISION TO SELECT A PAYMENT PLAN IS YOURS TO MAKE. IF YOU SELECT A PAYMENT PLAN, THE LENDER MUST PROVIDE A PLAN THAT MEETS THE REQUIREMENTS DESCRIBED ABOVE. YOU ARE ENTITLED TO RECEIVE A COPY OF THIS NOTICE.

BY SIGNING BELOW I ACKNOWLEDGE THAT I WAS OFFERED THE OPTION OF A PAYMENT PLAN.

_____ _____

(signature) (date)"

(2) The Notice of Payment Plan Option shall prominently include the lender's business name, physical location address, and telephone number, and shall also include the consumer's signature and the date the notice was provided. It shall be contained in a document separate from the loan application, loan agreement, contract, and any other disclosures required by state or federal law, except that the notice may also contain the written payment plan. The lender shall provide the consumer with a copy of the notice of payment plan option in a form the consumer may keep.

(b) **Contents of Written Payment Plan.** The written payment plan shall contain all of the following information:

(1) Total amount of existing debt,

(2) Dates of each payment,

(3) Amount of each payment,

(4) That there is no additional fee to select a plan,

(5) That the lender is prohibited by law from collection activities while the consumer meets the terms of the plan,

(6) That the lender and its affiliates are prohibited by law from making any deferred deposit loans to the consumer before a plan is completed, and

(7) That if the consumer does not pay the full amount of each payment by the due date, the lender may collect all of the remaining debt due and charge the consumer a $25.00 default fee.

A lender that requires a consumer to provide post-dated checks or electronic authorizations for the payments under the plan must disclose that information in the written payment plan. The payment plan must be dated and signed by both the lender and consumer

(c) Record Retention. A lender shall maintain records relating to all of its written payment plan offers and payment plans pursuant to Rule 10 of the Uniform Consumer Credit Code Rules.

Rule 17 Deferred Deposit/Payday Loans

For deferred deposit/payday loans, the following rules apply. All references to payday loans also include deferred deposit loans.

(A) Origination/Acquisition Fee

The finance charge permitted by section 5-3.1-105, C.R.S. of up to 20% of the first $300 loaned plus 7.5% of any amount loaned in excess of $300 may be referred to as an “origination” or “acquisition” fee.

(B) Installments

1. The lender and consumer may contract for payments to be made in a single installment or multiple installments of substantially equal amounts due at equal periodic intervals.

2. All applications for payday loans and payday loan agreements shall clearly and conspicuously disclose that under Colorado law, loans may be structured to be repaid in a single installment or multiple installments. If a lender does not offer both installment options, it shall also clearly and conspicuously disclose in its applications and loan agreements the option it provides.

(C) Interest Rate

The interest rate of up to 45% per annum permitted by section 5-3.1-105, C.R.S. may be assessed only on the amount financed of $500 or less. It may not be assessed on the origination/acquisition fee or monthly maintenance fees.

(D) Monthly Maintenance Fees

1. A monthly maintenance fee may be charged for each month the loan is outstanding after the first 30 days of the loan. The number of monthly maintenance fees permitted is equal to the number of months in the loan term less one month. For example, on a six month loan, a monthly maintenance fee may be charged at the end of the second through sixth months if the loan is outstanding during that time.

2. A monthly maintenance fee may be charged on each $100 increment of the amount financed. No fee may be collected on amounts of less than $100. For example, on a $350 loan, the permitted monthly maintenance fee is $22.50 (3 increments of $100 x $7.50 = $22.50).

3. A monthly maintenance fee is not earned until the end of the month. If a payday loan is prepaid in full at any time during a month, no monthly maintenance fee may be collected for that month.

4. The monthly maintenance fee may be based on the amount financed rather than the actual balance remaining each month.

(E) Posting of Charges

To comply with section 5-3.1-113, C.R.S., a lender shall post in its place of business examples of the total of all charges for a 6-month loan in the amounts of $100, $300 and $500 based on the assumption that the loan will be paid as scheduled. If the lender does not offer loans in those amounts, it shall post examples for its minimum and maximum loan amounts. If the lender offers both single and multiple installment loans, it shall provide the examples for both single and multiple installment loans. If a lender offers renewals, it shall also post the total of all charges for renewal of a 6-month loan using the same examples. If a lender does not offer renewals, it shall post a statement that although state law permits renewals, it does not offer renewals. Lenders that make loans over the internet shall post the charges required by this rule on their web sites. No other loan terms or payment information may be included in the required posting of charges.

(F) Payment Instruments

If a payday loan is payable in multiple installments, the lender may hold a single payment instrument or a payment instrument for each installment. The amount of the payment instrument may include the loan principal and origination/acquisition fee. The payment instrument or authorization may not include interest or the monthly maintenance fee. The lender may collect the remaining amount due under each installment but may not hold a payment instrument or authorization for such additional amount.

(G) Application of Payments

Subject to Rule 17(I), a lender may contract for and apply payments on a payday loan using a precomputed or non-precomputed method. A lender that contracts for a non-precomputed loan shall clearly and conspicuously disclose in the loan agreement “Late payments made after the due date will result in additional interest charges.”

(H) Renewals

1. Upon renewal of a payday loan, the lender may not charge an origination fee, acquisition fee, or monthly maintenance fees.

2. Upon renewal of a payday loan, the lender may refinance an amount up to $500. If the amount owed exceeds $500, the lender may refinance up to $500 and the consumer must pay any remaining amount.

(I) Prepayments and Refunds

1. A consumer may at any time prepay a payday loan in full or in part without a penalty prior to the due date or date the last installment is due.

2. The refund required by section 5-3.1-105, C.R.S. shall include the pro-rata portion of the origination/acquisition fee, the interest rate, and the monthly maintenance fee.

3. Consumer refunds may be paid to the consumer by cash, check, or similar method, or by appropriate credit to the remaining balance of the loan but may not be applied as a credit to another open account or for a future loan with that lender or any other lender. If a lender makes a cash refund, it shall provide the consumer with a cash receipt and comply with Rule 10(a)(14).

4. If a consumer exercises the right to rescind the loan by 5 p.m. of the next business day pursuant to section 5-3.1-106(2), C.R.S, the lender shall refund all charges imposed pursuant to section 5-3.1-105, C.R.S.

(J) Default

1. If a payday loan is payable in 5 or more installments and the consumer is in default for failure to make a required payment, the lender may not accelerate the balance or enforce a security interest, including depositing any remaining payment instruments, unless it complies with the right to cure default provisions in UCCC sections 5-5-110 and 5-5-111.

2. The lender may not charge or collect more than one returned instrument charge on a payday loan, regardless of the number of payment instruments returned unpaid or the number of times a payment instrument is presented and returned unpaid. The amount of the single returned instrument charge may not exceed $25 and must be contracted for in the loan agreement.

3. The lender may not charge or collect monthly maintenance fees for any months the loan remains unpaid after the end of the scheduled final due date.

Rule 18 - Income Share Agreements

For income share agreements made in this state, as provided in C.R.S. § 5-1-201, the following rules apply.

(a) Definitions applicable to this rule

(1) “Earned finance charge” is equal to the finance charge that would have been earned by a creditor applying the greater of the annual percentage rate disclosed pursuant to 12 C.F.R. § 1026.18(e) or, if disclosed, the maximum annual percentage rate disclosed pursuant to 12 C.F.R. § 1026.18(f)(1)(ii) to the amount financed and calculated as of the current date.

(2) “Income share agreement” or “ISA” means a consumer credit transaction, as defined in C.R.S. § 5-1-301(12), under which the amount of the consumer’s installment and total repayment obligation for the transaction is calculated based upon the amount of the consumer’s future qualified income, and there is a duration of time identified in the agreement after which the consumer’s obligation is complete without regard for the amount paid.

(3) “Maximum income threshold” means the consumer’s qualified income amount at or above which the qualifying payment will not increase.

(4) “Maximum payment term” means the time period, measured in months, during which a consumer remains obligated under an income share agreement regardless of whether the consumer’s income is greater than the minimum income threshold.

(5) “Maximum required payments” means the maximum number of qualifying payments a consumer is required to make under an income share agreement.

(6) “Minimum income threshold” means the consumer’s qualified income amount at or below which the consumer’s qualifying payment is reduced to zero dollars.

(7) "Payment cap" means the maximum amount of money a consumer is required to pay to satisfy the consumer's payment obligation under an income share agreement, which, for example, may be expressed as a dollar value, a multiple of the amount funded to the consumer or on the consumer's behalf, or as a maximum effective annual percentage rate, excluding charges related to default or other charges and fees that are due under the income share agreement. These examples are not exhaustive, and the disclosure of a Payment Cap may take other forms, as appropriate for the agreement.

(8) "Payment percentage" means the share or proportion of qualified income a consumer must pay pursuant to the terms of an income share agreement. The payment percentage may also be expressed as a fixed number or a variable or tiered rate.

(9) "Qualified income" means that part of the consumer's income, as defined in contract, to which the payment percentage will be applied to determine the amount of a consumer's qualifying payment.

(10) "Qualifying payment" means a calculated installment payment that counts toward the maximum required payments pursuant to the terms of an income share agreement.

(b) Required disclosure under TILA, Regulation Z, and the UCCC

A creditor entering into an income share agreement shall disclose to the consumer to whom credit is extended the information, disclosures, and notices required by the Uniform Consumer Credit Code, C.R.S. § 5-1-101, *et seq*. (UCCC), including C.R.S. § 5-3-101. A creditor entering into an income share agreement shall comply with the federal Truth in Lending Act (TILA) and its implementing regulation, Regulation Z.

(c) Supplemental Colorado disclosure

A creditor entering into an income share agreement shall, in addition to disclosures required by Rule 18(b), include a supplemental Colorado disclosure.

(1) Scenarios: For each of the following scenarios, the creditor shall disclose the installment payment amount, number of installment payments, total of payments, and the qualified income amount used to calculate the disclosures.

When calculating the scenarios for disclosure, the creditor shall assume that the disclosed number, amounts, and timing of the qualifying payments are received as scheduled. When disclosing the Scenarios, the creditor shall include a statement explaining that the Scenarios are illustrations of what may occur and not guarantees of what will occur. The creditor shall include a brief statement explaining that the amount paid by the consumer will vary in proportion to the consumer's future qualified income.

A. Scenario 1. The consumer's annual qualified income stays constant for the term of the income share agreement at an amount less than the minimum income threshold. This scenario shall be accompanied by a brief description such as, "if your qualified income is below the minimum income threshold." If an income share agreement does not have a minimum income threshold, Scenario 1 shall be calculated using an annual qualified income of $0.

B. Scenarios 2-4. The consumer's annual qualified income stays constant for the term of the income share agreement at $10,000, $20,000, and $30,000 less than the qualified income in Rule 18(c)(1)(C) below. If the qualified income used to calculate any of the Scenarios 2-4 is an amount less than the minimum income threshold, then that Scenario may be eliminated from the disclosure.

C. Scenario 5. The consumer's annual qualified income stays constant for the term of the income share agreement at the qualified income used to calculate the APR disclosed pursuant to 12 C.F.R. § 1026.18(e), as required under Rule 18(b), rounded to the nearest hundred dollars ($100).

D. Scenarios 6-8. The consumer's annual qualified income stays constant for the term of the income share agreement at $10,000, $20,000, and $30,000 more than the qualified income in Rule 18(c)(1)(C) above. If the qualified income used to calculate any of the Scenarios 6-8 is an amount more than the maximum income threshold, then that Scenario may be eliminated from the disclosure.

E. Scenario 9. The consumer's annual qualified income stays constant for the term of the income share agreement at the maximum income threshold. This scenario shall be accompanied by a brief description such as, "if your qualified income is above the maximum income threshold." If an income share agreement does not have a maximum income threshold, Scenario 9 may be eliminated from the disclosure.

F. If any of the Scenarios would result in a rebate under Rule 18(f), the creditor shall disclose the amount of the rebate or, alternatively, the installment amount that the creditor will charge in order to avoid providing a rebate. If an installment amount is calculated to avoid providing a rebate, then the creditor shall disclose that fact. This disclosure shall consist of a brief description such as "this installment amount has been reduced to maintain an APR of XX%" or "the number of payments has been reduced to maintain an APR of XX%," as applicable.

G. If Scenarios 6-9 would result in a total of payments in excess of the payment cap established in the ISA loan agreement, the creditor shall disclose the installment amount or the number of installment payments that the creditor will charge in order to avoid collecting an amount in excess of the payment cap, if one exists. If an installment amount is calculated to accommodate a payment cap, then the creditor shall disclose that fact. This disclosure shall consist of a brief description such as "this installment amount has been reduced to meet the payment cap of $XX or "the number of payments has been reduced to meet the payment cap of $XX," as applicable.

(2) A creditor offering an income share agreement shall disclose the following to the extent that they are terms of the income share agreement, together with a clear and conspicuous description of the meaning of each term:

A. the amount financed, to be featured prominently relative to other terms in this subsection;

B. the payment percentage;

C. the maximum required payments;

D. the maximum payment term;

E. the minimum income threshold;

F. the maximum income threshold;

G. the payment cap;

H. the maximum annual percentage rate, labeled as the "maximum annual percentage rate," if such a rate is disclosed as a limit to a variable rate pursuant to 12 C.F.R. § 1026.18(f)(1)(ii);

I. a complete description of the income that shall be considered qualified income and any form(s) of income that are exempted from qualified income;

J. a complete description of the manner in which the creditor will calculate the qualified income for the income share agreement;

K. how the creditor will calculate the balance owed to prepay the income share agreement in full;

L. the types of fees, including late fees, and the method for calculating such fees;

M. how the creditor will calculate the date repayment will begin; and

N. all acts or omissions that constitute a default on the agreement.

(3) A creditor offering an income share agreement shall disclose that the income share agreement is not a wage assignment, in a statement substantially similar to:

By entering into this agreement, you are not selling or assigning any portion of your future earnings. You are not granting the creditor a security interest in any portion of your future earnings. To the extent that you default on this agreement, the creditor must obtain a valid court judgment against you before the creditor is entitled to collect from your earnings.

(d) Finance charges and other UCCC requirements

Creditors making consumer credit transactions that meet the definition of income share agreements shall comply with the finance charge maximums in C.R.S. § 5-2-201 and other requirements of the UCCC.

(e) Prohibition against assignment of earnings

No income share agreement may include a sale or assignment of any portion of the consumer's future earnings to the creditor. A creditor may not take any portion of a consumer's future earnings as security for repayment of amounts owed by the consumer under an income share agreement.

(f) Prepayment and rebate

An income share agreement is paid in full when the sum of the amount(s) paid is equal to the sum of the amount financed and the earned finance charge.

Upon prepayment in full of the income share agreement obligation, the creditor shall rebate to the consumer within 35 days the difference between the amount paid and the sum of the amount financed and the earned finance charge.

(g) Prohibition against false, misleading, or deceptive statements or representations

With respect to income share agreements made in Colorado, the prohibition against false, misleading, or deceptive statements or representations set forth in C.R.S. § 5-3-110 includes, but is not limited to: (1) a prohibition against any representation that an income share agreement is not a loan, is not credit, or otherwise is not a consumer credit transaction as defined in C.R.S. § 5-1-301(12); and (2) a prohibition against any representation that the consumer must or should report the income share agreement as a sale of income to any tax authority.

(h) Notice of change in qualifying payment

The creditor shall provide notice of any changes to the amount of the qualifying payment. If the qualifying payment will increase, the creditor shall provide the notice at least 30 days prior to the change. If the qualifying payment will decrease, the creditor shall provide the notice at least 7 days prior to the change.

The notice shall include:

(1) The amount of the qualifying payment before and after the change;

(2) The date on which the change will become effective; and

(3) a description of the information relied on to determine the consumer's calculated qualifying payment.

(i) Annual statement of account

The creditor shall provide an annual statement of account that shall include the following to the extent that the terms are part of the income share agreement:

(1) The amounts and dates of every payment made in the preceding 12 months, along with the indication of whether that payment was a “qualifying payment” or “not a qualifying payment” (using those terms).

(2) the dollar total and number of qualifying payments received;

(3) the dollar total and number of payment(s) received that did not constitute a qualified payment;

(4) the dollar total of all payments received;

(5) the dollar total of all fees assessed and the method for calculating the fees;

(6) the number of qualifying payments remaining toward achieving the maximum required payments;

(7) the number of months remaining toward achieving the maximum payment term;

(8) the dollar amount required to prepay all obligations under the income share agreement as calculated under Rule 18(f); and

(9) A description of how the prepayment amount and rebate are calculated; and

(10) a description of the information relied on to determine the consumer's calculated qualifying payment.

(j) License application information and notification information

In addition to the other license application information that the Administrator requires pursuant to C.R.S. § 5-2-302, creditors who apply for a license to make supervised loans in Colorado and who intend to make supervised loans that meet the definition of income share agreements shall include the following information in their application and shall provide updated information, to the extent it changes, each time they submit a renewal application pursuant to C.R.S. § 5-2-302(8).

(1) an explanation of the manner in which the income share agreement terms used, or to be used, by the creditor in Colorado are drafted to ensure compliance with the finance charge limits set forth in C.R.S. § 5-2-201, regardless of the consumer's qualified income, prepayment, or other potential factual developments during the course of repayment of the income share agreement;

(2) examples of any income share agreement contracts that the creditor intends to use in Colorado;

(3) examples of any disclosure form that the creditor uses or intends to use in Colorado to meet the requirements of this Rule 18(c); and

(4) examples of any disclosure forms that the creditor uses or intends to use in Colorado to meet the requirements of the TILA and Regulation Z.

(k) Record keeping

In addition to the recordkeeping requirements of C.R.S. § 5-2-304, C.R.S. § 5-3-109, and Rule 10, the creditor shall retain data and documentation sufficient to demonstrate the manner and methodology used to calculate disclosures required under this Rule 18(b) and 18(c).

Rule 19. Legal Funding Deferral Charges for Consumer Legal Funding Transactions

A Legal Funding Deferral Charge for a Consumer Legal Funding Transaction imposed by a creditor pursuant to this rule shall be contracted for and may only be received if the creditor complies fully with this rule. Failure to comply with all provisions of this rule shall mean that the Legal Funding Deferral Charge is not permitted under the UCCC, and the Legal Funding Deferral Charge is not a permitted deferral charge pursuant to C.R.S. § 5-1-301(20)(b) and C.R.S. § 5-2-204(6).

(a) **Definitions.**

1. "Advertise" means the attempt by publication, dissemination, solicitation, or circulation, visual, oral, or written, to induce directly or indirectly any person to enter into any Consumer Legal Funding Transaction.

2. "Associated Legal Claim" means a bona fide civil claim or cause of action the potential proceeds of which are the subject of a Consumer Legal Funding Transaction.

3. "Consumer Legal Funding Transaction" means a nonrecourse consumer credit transaction as defined in C.R.S. § 5-1-301(12) contracted for in a written agreement between the creditor and consumer structured as an interest-bearing loan with monthly periodic payments that the creditor must collect from the potential proceeds, if any, resulting from the settlement or judgment of the consumer's Associated Legal Claim.

4. "Deferral" means the deferral of any periodic payment to a single installment owed at the end of the loan term if the consumer does not pay on the originally scheduled due date.

5. "Legal Funding Deferral Charge" means a charge for a Deferral that a creditor may assess to a consumer with a Consumer Legal Funding Transaction in accordance with this rule.

6. "Total Cost of Credit" means the original finance charge, any additional finance charge resulting from the Deferral(s), and the Legal Funding Deferral Charge(s).

(b) **Scope.**

1. This rule applies to creditors who enter into Consumer Legal Funding Transactions with consumers and charge consumers the Legal Funding Deferral Charge(s).

(c) **Process.**

1. Creditors may allow consumers to voluntarily elect to make the Deferral(s) of periodic payments such that a Consumer Legal Funding Transactions has no periodic payments on or before the commencement date of the Consumer Legal Funding Transaction in exchange for a Legal Funding Deferral Charge. The creditor must obtain a written acknowledgement from the consumer that the consumer has elected to make the Deferral.

2. If a consumer elects to make the Deferral(s), in addition to the disclosures required under C.R.S. § 5-3-101 reflecting the original cost of the credit for the Consumer Legal Funding Transaction structured with periodic payments, the creditor must make, at the time of the election, the following separate disclosure reflecting the additional costs resulting from the Deferral(s) ("Additional Disclosure"). The Additional Disclosure must state the amount financed, the APR corresponding to the finance charge, the Total Cost of Credit, the total of payments, and the payment schedule reflecting a single installment owed at the end of the loan term. The Total Cost of Credit must be itemized listing the original finance charge, any additional finance charge resulting from the Deferral(s), and the total of the Legal Funding Deferral Charge(s), and also disclosed as a lump sum.

3. The consumer must acknowledge receipt of the Additional Disclosure in writing.

(d) **Legal Funding Deferral Charge**

1. For Consumer Legal Funding Transactions, if contracted for by the consumer, creditors may charge the consumer Legal Funding Deferral Charge(s). The Legal Funding Deferral Charge shall only be earned after a Deferral when a periodic payment is not paid by the consumer on the originally scheduled due date. The Legal Funding Deferral Charge is not earned at the time of election.

2. The creditor may charge a Legal Funding Deferral Charge equal to $15.

3. The Legal Funding Deferral Charge may only be collected by the creditor from the potential proceeds, if any, resulting from the settlement or judgment of the consumer's Associated Legal Claim.

4. Creditors may not charge interest on the Legal Funding Deferral Charge(s).

(e) **Refinance.**

1. If the term of the Consumer Legal Funding Transaction reaches maturity and the Associated Legal Claim has not concluded, the creditor shall offer the consumer the option to refinance the Consumer Legal Funding Transaction. If the consumer elects to refinance, the creditor must fully comply with this rule, including by issuing a new Additional Disclosure.

(f) **Prepayment.**

1. The consumer may prepay the Consumer Legal Funding Transaction, in full or in part, either from the proceeds of the Associated Legal Claim or otherwise, at any time without penalty.

(g) **Prohibited Acts.**

1. A creditor that enters into a Consumer Legal Funding Transaction with a consumer shall not:

   i. pay or offer to pay a commission, referral fee, rebate, or other form of consideration to any attorney, law firm, medical provider, chiropractor, or physical therapist or to any employee thereof, in exchange for referring a consumer to the creditor;

   ii. accept a commission, referral fee, rebate, or other form of consideration from any attorney, law firm, medical provider, chiropractor, or physical therapist or to any employee thereof;

   iii. advertise materially false or misleading information regarding the company's products or services;

   iv. (A) except as provided in subsection (g)(1)(iv)(B) of this section, refer a consumer or a potential consumer to a specific attorney, law firm, medical provider, chiropractor, physical therapist in furtherance of a Consumer Legal Funding Transaction. (B) if a consumer needs legal representation, a creditor may refer the consumer to a local or state bar association referral service.

   v. fail to supply a copy of the executed contract for the Consumer Legal Funding Transaction to the consumer's attorney for the Associated Legal Claim, the potential proceeds of which are the subject of the Consumer Legal Funding Transaction.

   vi. (A) except as provided in subsection (g)(1)(vi)(B) of this section, knowingly provide a Consumer Legal Funding Transaction to a consumer who has previously assigned or sold to another creditor a portion of the consumer's right to proceeds from the Associated Legal Claim without first reimbursing the other creditor for its entire funded amount and the Legal Funding Deferral Charge(s), unless another amount is agreed to in writing by the creditors. (B) multiple creditors may be parties to a Consumer Legal Funding Transaction if the consumer and the consumer's attorney consent to the arrangement in writing.

   vii. make or influence any decisions by the court or by the parties with respect to a pending Associated Legal Claim or any settlement or resolution of an Associated Legal Claim;

viii. pay or offer to pay for court costs, filing fees, attorneys' fees, or other court costs related to the litigation, settlement, or resolution of the Associated Legal Claim using fund from the Consumer Legal Funding Transaction;

ix. report a consumer to a credit reporting agency if insufficient funds remain from the net proceeds from the Associated Legal Claim to repay the creditor; or

x. collect any prepaid finance charges;

xi. charge any fees in addition to the Legal Funding Deferral Charge(s), including but not limited to late fees or insufficient funds fees.

Editor's Notes

History

Rules 10, 16 eff. 08/01/2007.

Rules 14, 16 eff. 01/01/2008.

Rule 14 eff. 10/01/2008.

Rules 2, 3, 4, 6, 8, 9, 10, 13 eff. 07/30/2009. Rule 14 repealed eff. 07/30/2009.

Rules 10 a (7), 10 a (17-20), 16 (1st un-numbered paragraph), 17 eff. 11/29/2010.

Rule 18 eff. 11/30/2023.

Rules 8(n), 10, 19 eff. 09/14/2024.