A BILL FOR AN ACT

CONCERNING THE NONREFUNDABILITY OF AN ORIGINATION FEE FOR A DEFERRED DEPOSIT LOAN.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

The bill specifies that a lender may charge a nonrefundable origination fee deemed fully earned as of the date of a deferred deposit loan.
Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 5-3.1-105, Colorado Revised Statutes, is amended to read:

5-3.1-105. Authorized interest rate. A lender may charge a finance charge for each deferred deposit loan or payday loan NONREFUNDABLE ORIGINATION FEE that may not exceed twenty percent of the first three hundred dollars loaned plus seven and one-half percent of any amount loaned in excess of three hundred dollars. Such charge THE NONREFUNDABLE ORIGINATION FEE shall be deemed fully earned as of the date of the transaction LOAN. The lender may also charge an interest rate of forty-five percent per annum for each deferred deposit loan or payday loan. If the loan is prepaid prior to the maturity of the loan term, the lender shall refund to the consumer a prorated portion of the annual percentage rate based upon the ratio of time left before maturity to the loan term. In addition, the lender may charge a monthly maintenance fee for each outstanding deferred deposit loan, not to exceed seven dollars and fifty cents per one hundred dollars loaned, up to thirty dollars per month. The monthly maintenance fee may be charged for each month the loan is outstanding thirty days after the date of the original loan transaction. The lender shall charge only those charges authorized in this article in connection with a deferred deposit loan.

SECTION 2. Effective date - applicability. This act shall take effect upon passage and shall apply to deferred deposit loans on or after said date.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.