



2017-2018 Statutory Initiative to Reduce Allowable Annual Percentage Rate

*Be it Enacted by the People of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, **amend** 5-3.1-105 as follows:

**5-3.1-105. Authorized charges.** A lender may charge a finance charge for each deferred deposit loan or payday loan that may not exceed twenty 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 shall be deemed fully earned as of the date of the transaction. The lender may also charge an interest rate of ~~forty-five~~ THIRTY-SIX 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.** In Colorado Revised Statutes, 5-3.1-108, **amend** (2) as follows:

**5-3.1-108. Renewal – new loan – consecutive loans – payment plan – definitions.** (2) Upon renewal of a deferred deposit loan, the lender may assess additional finance charge not to exceed an annual percentage rate of ~~forty-five~~ THIRTY-SIX PERCENT. If the deferred deposit loan is renewed prior to the maturity date, the lender shall refund to the consumer a prorated portion of the finance charge based upon the ratio of time left before maturity to the loan term.

**SECTION 3. Effective date.** This initiative takes effect on February 1, 2019.