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Amending the "Uniform Consumer Credit Code" Concerning Delinquency and Deferral Charges for Loans.

Colorado General Assembly

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CHAPTER 36

CONSUMER CREDIT CODE

LOANS

HOUSE BILL NO. 1079, BY REPRESENTATIVES Kopel, Hobbs, Howe, Kramer, Barragan, Boley, DeMoulin, Dittmore, Flett, Lucero, Ore, Taylor, and Valdez; also SENATORS Cole, Cisneros, Kogovsek, Strickland, Darby, and Sandoval.

AN ACT

AMENDING THE "UNIFORM CONSUMER CREDIT CODE" CONCERNING DELINQUENCY AND DEFERRAL CHARGES FOR LOANS.

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

Section 1. 5-3-203 (2), (3), and (4), Colorado Revised Statutes 1973, are amended to read:

5-3-203. Delinquency charges. (2) A delinquency charge under paragraph (a) of subsection (1) of this section may be collected only once on an instalment however long it remains in default. No delinquency charge may be collected if the instalment has been deferred and a deferral charge (section 5-3-204) has been paid or incurred until twenty TEN days after the deferred due date. A delinquency charge may be collected at the time it accrues or at any time thereafter.

(3) No delinquency charge may be collected on an instalment which is paid in full within twenty TEN days after its scheduled instalment due date even though an earlier maturing instalment or a delinquency charge on an earlier instalment may not have been paid in full. For purposes of this subsection (3), payments are applied first to current instalments and then to delinquent instalments.

(4) If two instalments or parts thereof of a precomputed loan are in default for twenty TEN days or more, the lender may elect to convert the loan from a precomputed loan to one in which the loan finance charge is based on unpaid balances; and the terms of the converted loan shall be no less favorable to the debtor than the terms of the original loan. In this event he shall make a rebate pursuant to the provisions on rebate upon prepayment (section 5-3-210) as of the maturity date of the first delinquent instalment, and thereafter may make a loan finance charge as authorized by the provi-

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

sions on loan finance charge for consumer loans (section 5-3-201) or the provisions on loan finance charge for supervised loans (section 5-3-508), whichever is appropriate. The amount of the rebate shall not be reduced by the amount of any permitted minimum charge (section 5-3-210). If the lender proceeds under this subsection (4), any delinquency or deferral charges made with respect to instalments due at or after the maturity date of the first delinquent instalment shall be rebated, and no further delinquency or deferral charges shall be made.

Section 2. 5-3-204 (3), Colorado Revised Statutes 1973, is amended to read:

5-3-204. Deferral charges. (3) The parties may agree in writing at the time of a precomputed consumer loan, refinancing, or consolidation that, if an instalment is not paid within twenty TEN days after its due date, the lender may unilaterally grant a deferral and make charges as provided in this section. No deferral charge may be made for a period after the date that the lender elects to accelerate the maturity of the agreement.

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.

Approved: January 30, 1976