

LICENSING AND
NOTIFICATION UNDER THE
COLORADO UNIFORM
CONSUMER CREDIT CODE

Licensing and Notification
Requirements for Lenders, Retail
Sellers, Sales Finance
Companies, and Rent to Own
Companies



Prepared by the
State of Colorado
Department of Law
John W. Suthers, Attorney
General

1525 Sherman Street, 5th Floor
Denver, CO 80203
Licensing: (303) 866-4527
Notifications: (303) 866-4494
Fax: (303) 866-5691
E-mail: uccc@state.co.us
www.ago.state.co.us

INTRODUCTION

The Colorado Uniform Consumer Credit Code ("UCCC") was adopted by the Colorado General Assembly in 1971 to make uniform the various laws in the State relating to consumer credit. The goal of the UCCC is to balance a creditor's right to reasonable profits with a consumer's right to protections from unreasonable practices. The UCCC regulates only consumer credit - credit for personal, family, or household purposes. Credit extended for business, commercial, and agricultural purposes is exempt from the UCCC. First mortgage residential acquisition loans and refinances of those loans are exempt from UCCC licensing provisions and rate and fee limitations.

Under the UCCC, some creditors must obtain a supervised lender's license while others must file credit notification. This pamphlet describes licensing and notification requirements. It is not intended to constitute legal advice nor describe maximum rates, fees, and disclosure requirements. You should contact your own attorney if more information is needed.

The UCCC is located in the Colorado Department of Law. The UCCC is enforced by the Administrator of the UCCC. Additional staff consists of compliance examiners and attorneys.

CONSUMER CREDIT NOTIFICATION

Credit sellers and retail merchants that regularly extend consumer credit and sales finance companies that regularly collect consumer credit contracts – referred to below as “creditors” - must file UCCC notification.

Activities Covered

Credit sellers and retail merchants that regularly extend credit (“regularly” has the same meaning as in the federal Truth in Lending Act - more than 25 times, more than 5 times if secured by a dwelling, or more than once for a mortgage subject to the federal Home Ownership & Equity Protection Act, in the

current or prior calendar year) *and* retain and collect payments under the credit contracts for 30 days or more, must file consumer credit notification and pay notification fees. A credit contract is one that includes a finance charge or interest. It may be in the form of the sale of goods or services on credit, for example the sale of an automobile or appliances with payment deferred. Businesses regularly making consumer leases must also file notification and pay notification fees.

Sales finance companies that purchase or take assignment of consumer credit sales and consumer lease contracts, *and* collect payments or enforce rights from those contracts, must also file notification and pay notification fees. Sales finance companies must pay a notification fee regardless of the number of days they hold and collect the contracts.

Notification Fees and Due Dates

Creditors required to file notification and pay notification fees must do so within 30 days of first entering into the activity and by January 31 of each year thereafter. As of November 1, 2000, the notification fee is \$5. In addition, there may be a volume fee based on the prior year's business. Sales finance companies pay a volume fee of \$1 for each \$100,000 of the unpaid balance of consumer credit transactions or consumer leases taken by assignment in the prior year. Credit sellers and retail merchants making credit sales and consumer leases pay the same volume fee but no fee is due for the first \$100,000 in unpaid credit balances. Fees are subject to change.

Once a business files initial notification, it will receive annual notification forms prior to the January 31 due date. Failure to file the required notification form and pay the appropriate fee may result in financial penalties and the inability to extend credit.

Supervised Lenders

Any company or person that regularly makes or takes assignment of consumer loans in Colorado with an annual percentage rate of more than 12% per annum, or who collects such loans that it previously made, is a supervised lender. A loan is distinguished from other credit transactions by the lender's direct extension of funds to the borrower without also selling goods or services.

Activities Covered

A lender is regularly engaged in supervised lending if it has made, collected, or taken assignment of more than 25 loans, more than 5 loans secured by a dwelling, or made, collected, taken assignment of, or brokered more than one mortgage loan subject to the federal Home Ownership & Equity Protection Act, in the current or prior calendar year. Supervised loans include both secured and unsecured consumer loans, home equity loans and other junior lien mortgages, insurance premium financing, deferred deposit loans, credit cards, and first mortgage loans for purposes other than the purchase or refinancing of a home. First mortgage residential acquisition loans and refinances of these loans are exempt from licensing and notification fees, although they are subject to the high-cost, high-fee provisions of the Colorado Consumer Equity Protection Act, an article of the Uniform Consumer Credit Code. Information on this law is available on the website listed on the front of this brochure.

Unless the supervised lender is a state or federally-chartered depository institution, it must be licensed by the UCCC as a supervised lender. A supervised lender includes a company whose name appears on a promissory note as the creditor to whom the debt is originally payable even if the loan is immediately or later sold, assigned, or funded by another company or financing source. This

is sometimes called "table funding." Companies that buy or take assignment of supervised loans are also considered supervised lenders. A mortgage broker who only puts the consumer and lender together and whose name does not appear as the creditor or lender on the promissory note is not a supervised lender.

A supervised lender's license application requires background information on the applicant and its officers, members, and partners; proof of financial responsibility; and corporate status and trade name records. A supervised lender is subject to periodic unannounced compliance examinations, must respond to examination reports, and must file an annual statistical report each June 1.

Licensing Fees and Due Dates

As of November 1, 2000, the supervised lender license fee is \$100 for the initial or master license and \$50 for each branch office license. Licenses are renewed each January 31 by the filing of a supervised lender notification form and payment of the license fee for that year for each initial, master, and branch office license. Fees are subject to change.

Consumer insurance premium lenders must also pay a volume fee based on the prior year's business. The volume fee is \$1 for each \$100,000 of the unpaid balance of consumer insurance premium loans written the prior year and held more than 30 days. No fee is due for the first \$2 million in unpaid balances.

Once licensed, you will receive annual license renewal forms prior to the January 31 due date. Failure to file the required notification form and pay the appropriate license renewal fees may result in financial penalties, expiration of your license, and the inability to extend credit.

Rent To Own Notification

The Colorado Rental Purchase Agreement Act was enacted in 1990. It regulates the rent to own business and is enforced by the UCCC Administrator.

Activities Covered

A rental purchase agreement is an agreement for the use of personal property for an initial term of 4 months or less. It may be cancelled by the consumer at any time without further obligation and may be automatically extended. Some agreements offer the consumer the right to own the property after a number of payments have been made. A rent to own business is one that regularly enters into rental purchase agreements in Colorado.

Notification Fees and Due Dates

A rent to own notification form must be filed with the UCCC Administrator. The initial notification fee is \$50 per location and must be filed within 30 days after entering into rental purchase agreements. Each location must pay a renewal fee of \$25 due each January 31.

Once you file notification, you will receive annual notification forms prior to the January 31 due date. Failure to file and pay the required notification may result in financial penalties and the inability to enter into rental purchase agreements.

Note: All fee amounts described in this brochure are accurate as of the date printed. Fees are subject to adjustment based upon state budgetary requirements.

Reference Table

Listed below is a table to locate the portion of this brochure applicable to specific businesses.

<u>Creditor</u>	<u>Brochure Section</u>
Appliance Dealer	Consumer Credit Notification
Agricultural Credit Assignees	Introduction
	Consumer Credit or Notification
	Supervised Lender License
Auto Dealer	Consumer Credit Notification
Banks	Consumer Credit Notification or Supervised Lender License

Business Credit	Introduction
Check Holder	Supervised Lender License
Commercial Credit	Introduction
Consumer Leasing	Consumer Credit Notification
Deferred Deposit Lenders	Supervised Lender License
Department Stores	Consumer Credit Notification
Finance Companies	Supervised Lender License
First Mortgage Loans	Introduction
Furniture Dealers	Consumer Credit Notification
Hardware Dealers	Consumer Credit Notification
Industrial Loan Companies	Supervised Lender License
Lease Companies	Consumer Credit Notification
Medical Providers	Consumer Credit Notification
Mortgage Brokers	Supervised Lender License
Mortgage Bankers	Supervised Lender License
Mortgage Companies	Supervised Lender License
Payday Lender	Supervised Lender License
Post-Dated Checkcashers	Supervised Lender License
Rent to Own	Rent to Own notification
Sales Finance Companies	Consumer Credit Notification
Small Loan Companies	Supervised Lender License
Supervised Lenders	Supervised Lender License

If you have questions about whether your business activity must file consumer credit notification or be licensed as a supervised lender, you may contact the UCCC. You should also consult a private attorney for legal advice.