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ELECTIONS  
SECRETARY OF STATE

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

**SECTION 1.** Article 3.1 of Title 5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**5-3.1-101.5. Legislative declaration.** THE PEOPLE OF THIS STATE FIND AND DECLARE THAT PAYDAY LENDERS ARE CHARGING MORE THAN THREE HUNDRED PERCENT INTEREST ANNUALLY FOR PAYDAY LOANS AND THAT EXCESS INTEREST RATES ON SUCH LOANS CAN LEAD COLORADO FAMILIES INTO A DEBT TRAP OF REPEAT BORROWING. IT IS THE INTENT OF THE PEOPLE TO LOWER THE MAXIMUM AUTHORIZED INTEREST RATE FOR PAYDAY LOANS TO THIRTY-SIX PERCENT ANNUALLY, CONSISTENT WITH THE FEDERAL RATE CAP ON LOANS TO MILITARY FAMILIES.

**SECTION 2.** The introductory portion to 5-3.1-102 (3) and 5-3.1-102 (5) (a), Colorado Revised Statutes, are amended to read:

**5-3.1-102. Definitions.** As used in this article, unless the context otherwise requires:

(3) "Deferred deposit loan" OR "PAYDAY LOAN" means a consumer loan whereby the lender, for a fee, finance charge, or other consideration, does the following:

(5) (a) "Lender" means any person who offers or makes a deferred deposit loan, who arranges a deferred deposit loan for a third party, or who acts as an agent for a third party, regardless of whether the third party is exempt from licensing under this article or whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party, THROUGH ANY METHOD INCLUDING MAIL, TELEPHONE, INTERNET, OR ANY ELECTRONIC MEANS.

**SECTION 3.** 5-3.1-105, Colorado Revised Statutes, is amended to read:

**5-3.1-105. Authorized charges.** A lender may charge, RECEIVE, OR REQUIRE a finance charge, AS DEFINED BY SECTION 5-1-301(20), for each deferred deposit loan OR PAYDAY LOAN that ~~may~~ SHALL not exceed ~~twenty~~ THIRTY-SIX 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 shall be deemed fully earned as of the date of the transaction. PER ANNUM. The lender shall NOT charge ~~only those~~ ANY charges OTHER THAN THOSE EXPLICITLY authorized in this article in connection with a deferred deposit loan OR PAYDAY LOAN.

**SECTION 4.** 5-3.1-106 (1), Colorado Revised Statutes, is amended to read:

**5-3.1-106. Maximum loan amount – right to rescind.** (1) A lender shall not lend an amount greater than five hundred dollars ~~nor shall the amount financed exceed five hundred dollars by any one lender~~ at any time to a consumer. ~~No instrument held as a result of a deferred deposit loan shall exceed five hundred seventy five dollars.~~

**SECTION 5.** 5-3.1-121, Colorado Revised Statutes, is amended to read:

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**5-3.1-121. Unfair or deceptive practices.** (1) No person shall engage in unfair or deceptive acts, practices, or advertising in connection with a deferred deposit loan.

(2) NO PERSON SHALL SEEK TO EVADE THE PROVISIONS OF THIS ARTICLE BY ANY ARTIFICE, DEVICE, OR SUBTERFUGE, INCLUDING, BUT NOT LIMITED TO, CHARGING, RECEIVING, OR REQUIRING, DIRECTLY OR INDIRECTLY, ANY ADDITIONAL CHARGES FOR ANY ANCILLARY PRODUCTS OR SERVICES PAID OR TO BE PAID FOR BY THE CONSUMER OR BY ANY OTHER PERSON IN CONNECTION OR ASSOCIATED WITH THE OFFER OR PROVISION OF A DEFERRED DEPOSIT LOAN.

**SECTION 6.** Effective date and applicability. This act shall take effect upon proclamation of the governor and shall apply to all loans made or renewed on or after the effective date.

Proponents:

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