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ELECTIONS  
SECRETARY OF STATE

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C.S.  
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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 28 PERCENT ANNUALLY.

**SECTION 2.** 5-3.1-102 (3), Colorado Revised Statutes, is amended to read:

**5-3.1-102. Definitions.** (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:

**SECTION 3.** 5-3.1-102 (5) (a), Colorado Revised Statutes, is amended to read:

**5-3.1-102. Definitions.** (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 4.** 5-3.1-105, Colorado Revised Statutes, is amended to read:

**5-3.1-105. Authorized interest rate.** A lender may charge, RECEIVE OR REQUIRE a finance charge AS DEFINED BY 5-1-301(20), for each deferred deposit loan OR PAYDAY LOAN that ~~may~~ SHALL not exceed ~~twenty~~ TWENTY-EIGHT percent PER ANNUM. ~~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 shall NOT charge ANY ~~only~~ those charges OTHER THAN THOSE EXPLICITLY authorized in this article in connection with a deferred deposit loan OR PAYDAY LOAN.

**SECTION 5.** 5-3.1-121, Colorado Revised Statutes, is amended BY THE ADDITION OF TWO NEW SUBSECTIONS to read:

**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.

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(2) NO PERSON SHALL SEEK TO EVADE THE PROVISIONS OF THIS ARTICLE BY ANY ARTIFICE, DEVICE, OR SUBTERFUGE, INCLUDING ASSISTING A BORROWER TO OBTAIN A LOAN AT A RATE OF INTEREST THAT WOULD BE PROHIBITED BY THE REVISED STATUTES, STRUCTURING LOANS AS OPEN-ENDED TRANSACTIONS, MAKING LOANS DISGUISED AS PERSONAL PROPERTY, PERSONAL SALES, AND LEASEBACK TRANSACTIONS OR BY DISGUIISING LOAN PROCEEDS AS CASH REBATES FOR THE PRETEXTUAL INSTALLMENT SALE OF GOODS AND SERVICES

(3) NO PERSON SHALL SEEK TO EVADE THE PROVISIONS OF THIS ARTICLE BY CHARGING, RECEIVING OR REQUIRING, DIRECTLY OR INDIRECTLY, ANY ADDITIONAL CHARGES FOR ANY ANCILLARY PRODUCTS OR SERVICES, OR BY DEMANDING OR RECEIVING CONSIDERATION FOR SERVICES PROVIDED BY OR THROUGH A CREDIT SERVICES ORGANIZATION AS DEFINED IN SECTION 12-14.5-103 (2), C.R.S., WHETHER PAID OR PAYABLE BY THE CONSUMER, CREDITOR OR ANY OTHER PERSON.

**SECTION 6. Effective date and applicability.**

This act shall take effect at 12:01 a.m. on January 1, 2011, and shall apply to all loans made or renewed on or after the effective date.

Proponents:

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