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ADMINISTRATOR OPINION

**Debt Cancellation and Suspension Agreements Offered by Colorado-Chartered
Banks, Colorado-Chartered Industrial Banks, and Colorado-Chartered Credit
Unions**

The Uniform Consumer Credit Code (“UCCC”) governs consumer credit transactions made in Colorado. C.R.S. § 5-1-201. The UCCC sets caps on the finance charge that a lender can contract for and receive. C.R.S. § 5-2-201. A “finance charge” is broadly defined as “[t]he sum of all charges payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or as a condition of the extension of credit,” and it includes interest, service charges, and other fees. *See* C.R.S. § 5-1-301(20)(a).

The UCCC also authorizes certain specific types of charges to be assessed in addition to the finance charge, such as official fees and taxes, certain charges for insurance, and credit card annual fees. C.R.S. § 5-2-202. A lender may also assess an additional charge “for other benefits conferred on the consumer, including insurance, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, are of a type that is not for credit, and are authorized as permissible additional charges by rule adopted by the administrator.” C.R.S. § 5-2-202(1)(d). The rule-making process requires the approval of the Council of Advisors on Consumer Credit Committee. C.R.S. § 5-6-104(1)(e).

The Administrator has adopted by rule several types of permissible additional charges, including Single Premium Non-Credit Insurance (Rule 3), Involuntary Unemployment Insurance Premiums (Rule 4), and Guaranteed Automobile Protection (Rule 8).

The Administrator has not adopted by rule, however, permissible additional charges for debt cancellation and suspension agreements. Even if these agreements are otherwise permitted by federal or state law or regulation—including debt cancellation and suspension agreements offered by Colorado-Chartered Banks, Colorado-Chartered Industrial Banks, and Colorado-Chartered Credit Unions—the UCCC does not authorize the charges to be excluded from the finance charge under Section 5-2-202.

The Administrator rescinds the Administrator's Advisory Opinion dated November 9, 2004, and titled "Debt Cancellation and Suspension Agreements Offered by Colorado-Chartered Banks, Colorado-Chartered Industrial Banks, and Colorado-Chartered Credit Unions." Affected organizations will be permitted 120 days from the date of this Administrator Opinion to comply.

THE ADMINISTRATOR OF THE UNIFORM
CONSUMER CREDIT CODE,

Julie Ann Meade

JULIE ANN MEADE