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Consumer Credit Unit

STATE OF COLORADO
DEPARTMENT OF LAW

M E M O R A N D U M

TO: Supervised Lenders and Applicants for Supervised Lender's Licenses

FROM: Uniform Consumer Credit Code
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RE: Real Estate Closing Costs – Document Preparation Fees

The Colorado Uniform Consumer Credit Code (“UCCC”) permits a lender to contract for and impose reasonable closing costs, including document preparation fees, and exclude them from the finance charge in real-estate secured transactions. See §§ 5-1-301(8) & 5-2-202(4), C.R.S. Until January 1, 1997, the UCCC Administrator considered \$75 to be a reasonable fee for preparation of real estate trust deeds, settlement statements, and similar documents in credit transaction subject to the UCCC unless a higher fee amount could be justified.

Effective January 1, 1997, this office considers \$150 to be a reasonable document preparation fee for real-estate secured loans subject to the UCCC. Any fee imposed that exceeds \$150 must be justified and well documented. This documentation must be made available to UCCC examiners during the lender's periodic compliance examinations. In addition, charges imposed on the consumer that exceed the lender's actual cost will virtually always be considered excessive and unreasonable and must be refunded.

This limitation on closing costs is for purposes of the UCCC's maximum finance charge limitations and is separate and apart from the disclosure provisions of Regulation Z of the federal Truth in Lending Act.