

# **COLORADO DEPARTMENT OF LAW**

## **COLLECTION AGENCY LICENSE**

### **APPLICATION INFORMATION & CHECKLIST**

\*The Department of Law Consumer Credit Unit is committed to ensuring that its materials and documents are accessible to all. Should you need any assistance in order to fully access and use the materials and documents published or sent by the Consumer Credit Unit, please contact us at [CAR@coag.gov](mailto:CAR@coag.gov) to request an accommodation.

#### **How to apply for a collection agency license**

- The CAR application must be submitted online via the [Licensing Community portal](#) by the Licensing/Renewals Compliance contact or another designated contact.
- If you are an existing user, you may reset your password on the portal login. If not an existing user, you may register an account.
- It may take up to three business days for us to authorize your access. Once logged in, go to Apply and select New CAR Application.
- You may work on the application over several sessions, but please be sure to Save the application as you go. If you do not save, all of your information will be lost.
- To avoid delays, please be sure the information you provide is complete and accurate. A checklist of required information is available on the following pages.

#### **Fee Information**

##### **Investigation Fee and Licensing Fee**

- There is a one-time investigation fee of **\$500**, which is due with your completed application pursuant to section 5-16-119(3), C.R.S. and 4 CCR 903-1 Rule 1.02.
  - This fee is non-refundable.
- The licensing fee is **\$1,500**, which is due with your completed application.
- By accepting payment of the license fee, the Administrator of the Colorado Fair Debt Collection Practices Act is not approving the license application. Once the application has been reviewed and any deficiencies corrected, the Administrator will then determine whether to grant the license.
- You may pay online (by credit card or electronic check) via the [Payment Portal](#)
  - **There is a fee associated with paying online**
- You may pay by check. Checks should be made payable to “**Colorado Department of Law**” and sent to:

Colorado Department of Law  
Consumer Credit Unit – Collection Agency Regulation  
Ralph L. Carr Colorado Judicial Center  
1300 Broadway, 10th Floor  
Denver, CO 80203

# **COLORADO COLLECTION AGENCY**

## **IMPORTANT LEGAL REQUIREMENTS**

"Any person acting as a collection agency must possess a valid license issued by the administrator in accordance with this article 16 and any rules adopted pursuant thereto." pursuant to section 5-16-118 of the Colorado Fair Debt Collection Practices Act (CFDCPA).

### **CFDCPA applies to the following collection agencies and debt collectors:**

- Collection agencies located within this state;
- Collection agencies outside this state that collect or attempt to collect from consumers who reside within this state for a creditor with a place of business located within this state;
- Collection agencies outside this state that regularly collect or attempt to collect from consumers who reside within this state for a creditor with a place of business located outside this state; or
- Collection agencies outside this state that solicit or attempt to solicit debts for collection from a creditor with a place of business located within this state;
- Debt/judgment buyers that are now the owners of debts that were in default at the time they acquired ownership of those debts;
- Creditors that collect their own debts using another name, which would indicate that a third person is collecting or attempting to collect such debts.

### **CFDCPA Provisions not found in the Federal Fair Debt Collection Practices Act**

- The first written notice with Colorado consumers must contain specific information about Colorado consumer rights. See section 5-16-105(3), C.R.S.
- "Meaningful disclosure" of a debt collector's identity within 60 seconds of contact with the debtor. See section 5-16-106(1)(f), C.R.S.
- Prohibits a collection agency from invoking a cognovit clause (confession of judgment). See section 5-16-125(2), C.R.S.
- Liability for harassment of a consumer's employer and family in an invasion of privacy action. See section 5-16-113(8), C.R.S.
- Bond requirement (cash or surety bond). See sections 5-16-123(1)(c), (d) and 5-16-124, C.R.S.
- Licensure requirement of collection agencies – see sections 5-16-118 and 119, C.R.S.
- Licenses may be revoked or suspended, letters of admonition may be issued to licensees or fined \$1,500 per violation, and certain violations of the CFDCPA are criminal misdemeanors. sections 5-16-126 and 5-16-127(10)(b), C.R.S. Rules and regulations on standards of behavior may be issued by the Administrator.
- Debts cannot be reported to consumer reporting agencies and credit bureaus sooner than 30 days after mailing of the initial written notice. This does not apply to check collection or if there is no valid known address for the consumer. See section 5-16-108(1)(j), C.R.S.
- Collection agencies are mandated to have a toll-free telephone number. See section 5-16-123(1)(b)(II), C.R.S. The first written notice with Colorado consumers must contain specific information about Colorado consumer rights. More specific information is provided in the next section (below).

- The Colorado Fair Debt Collection Practices Act and 4 CCR 903-1 Rules are available at: [Colorado Attorney General's website](#) under Laws and Rules.

## **Email is our primary method of communication**

While we send email reminders for some of the requirements listed below, those reminders are sent as a courtesy, and it is each licensee's responsibility to comply with all applicable laws and rules regardless of whether reminders are received.

## **Time Frame to Complete Application**

Please be aware, once notified the application is incomplete, the applicant must provide all necessary documents for licensure within sixty-three (63) days. Otherwise, the application shall be null and void and the applicant must then reapply for licensure, including payment of all fees, pursuant to Rule 1.02(2).

## **Branch Locations**

A collection agency may have branch offices. Only the principal place of business must be licensed, however, you must provide a list of any branch locations. Notification of a new branch location must be received within 30 days after the branch commences business, pursuant to section 5-16-119(6), C.R.S.

## **Colorado Local Office**

Licensed collection agencies must maintain a Colorado office open to the public during normal business hours. The office must be staffed by at least one full-time employee with access to consumer payment records, client account records, and who accepts consumer payments. This need not be a "working office" with debt collectors, solicitors, or a collections manager. It may be shared with other businesses so long as all signs and directories are clearly marked, and you are able to receive mail at this location. Pursuant to Rule 1.09(2), a collection agency that uses a third-party to provide a Colorado local office is responsible for actions of the third-party that violate the CFDCPA. See section 5-16-123(1)(b)(I)(A), C.R.S. and Rule 1.09.

## **Collections Manager and Principals of the Agency**

Licensed collection agencies must be owned by, or employ as collections manager or an executive officer of the agency, at least one individual who has been engaged in a responsible position in an established collection agency for a period of at least two years, or other business experience that has provided comparable experience in collections pursuant to section 5-16-119(1)(2)(I) and (II), C.R.S.

Other principals of the collection agency must complete a Personal Affidavit. See sections 5-16-119(2)(d) and 5-16-120, C.R.S.

## **Important Notification of Change Requirements**

Certain changes require timely notification or a new license application or the license shall automatically expire. The changes requiring such notification or new license application, pursuant to section 5-16-122, C.R.S., are as follows:

### **Changes requiring notification within 30 days**

Pursuant to section 5-16-122(1)(a), C.R.S., Upon any of the following changes, the licensee shall notify the administrator in writing of the change within thirty days after its occurrence:

- (I) Change of business name or address;
- (II) If a corporation or limited liability company, change in ownership of ten or more percent but less than fifty percent of the corporate stock or ownership interest.

Pursuant to section 5-16-122(1)(b), C.R.S., "If the licensee fails to provide written notification, the license shall automatically expire on the thirtieth day following the change."

### **Changes requiring new application within 30 days**

Pursuant to section 5-16-122(2)(a), C.R.S., Upon any of the changes specified in subsection (2)(c) of this section, the licensee shall apply for a new license within thirty days of the change...The changes requiring a new license in section 5-16-122(2)(c), C.R.S. are:

- (I) In a sole proprietorship or partnership, any change in the persons owning the collection agency;
- (II) In a corporation or limited liability company, any change in ownership of fifty percent or more of the stock or ownership interest in any one transaction or cumulative change of ownership of fifty percent or more from the date of the issuance of the license or from the date of the latest renewal;
- (III) Any change of ownership structure, including but not limited to a change to or from a sole proprietorship, partnership, limited liability company, or corporation. No investigation fee shall be required in the event of a change...

Pursuant to section 5-16-122(2)(b), C.R.S., "If the licensee fails to file an application for a new license, the license shall expire on the thirtieth day following the change that necessitated the new license application."

### **PLEASE BE AWARE OF RENEWAL REQUIREMENTS!**

"Each licensee shall make an application to renew its license in the form and manner prescribed by the administrator. The renewal application shall be accompanied by a nonrefundable renewal fee in an amount determined by the administrator," pursuant to section 5-16-121 of the CFDCPA.

Collection agencies licenses are valid from the date of issuance to the following July 1. To renew its license, a licensee must file its completed renewal and fee on or before July 1 each year or its license shall automatically expire," pursuant to Rule 1.06.

**All collection agency licenses expire each July 1st regardless of the date issued! Renewals must be submitted no later than July 1st to avoid license expiration!**

# **COLORADO COLLECTION AGENCY**

## **APPLICATION CHECKLIST**

Below are the application sections to be completed online via the Licensing portal.

### **Account Information**

Enter the account information. If the applicant uses any DBA name(s), please ensure the name(s) are properly filed with the Colorado Secretary of State and provide all DBA names registered. Please note – certain changes in information require timely notification.

### **DBA or Trade Names (if applicable)**

Please ensure the applicant is properly registered with the Colorado Secretary of State, as applicable. If the applicant uses any DBA name(s), please ensure the name(s) are properly filed with the Colorado Secretary of State and provide all DBA names registered. For more information, please visit the Colorado Secretary of State website.

### **Contact Information for Legal Requirements and Other Business Matters**

Enter the contact information for Licensing/Renewals, Examinations, Consumer Complaints, and Collections Manager. Provide any updates. Please note - Email is our primary method of communication. If this contact information is not updated, you may miss important emails from us regarding legal requirements or other business matters.

### **Organization Information**

Enter the legal structure information and provide any updates. Sole proprietors are required to Please Note- certain changes in organization information require timely notification or a new license application or the license shall automatically expire.

### **Documentation (Colorado Secretary of State Information)**

This information can be uploaded under the Other Information section in the Licensing Portal.

**For corporations:** Provide a copy of the Articles of Incorporation, Certificate of Authority or Good Standing, or Statement of Foreign Entity Authority from the Colorado Secretary of State, or application therefore containing the filing date and account number. For more information, visit the [Colorado Secretary of State website](#) or call at (303) 894-2200.

- Those not required to file with the Colorado Secretary of State, may substitute similar certificates from the state in which the office is located.

**For limited liability companies:** Provide a copy of the Certificate of Organization, Certificate of Authority or Good Standing, or Statement of Foreign Entity Authority from the Colorado Secretary of State. For more information, visit the [Colorado Secretary of State website](#) or call (303) 894-2200.

- Those not required to file with the Colorado Secretary of State, may substitute similar certificates from the state in which the office is located.

**For partnerships:** Provide a copy of the Partnership Agreement. A limited partnership must also submit a copy of the recorded certificate filed with the Colorado Secretary of State, as required by section 7-61-103, C.R.S. For more information, visit the [Colorado Secretary of State website](#) or call (303) 894-2200.

## **Collection Agency Questions**

You must answer the Collection Agency questions as part of the application, providing an explanation and additional information (as applicable) for any Yes answers. If a licensee has been named the defendant in connection with the business of debt collection, more than ten times, in any judicial or administrative civil action, please use the Civil Action(s) template to provide a list of the information.

## **Locations**

### **Colorado Local Office**

Enter the Colorado Local office address. **Please note** - certain changes in Colorado local office address and branches may require timely notification or a new license application or the license shall automatically expire.

### **Branch Location (if applicable)**

Enter any branch office locations that contact Colorado residents or collect for clients with a place of business in Colorado. Do not include the principal place of business.

## **Collector and Solicitor List**

Provide a list of employees currently employed by the collection agency who are contacting, collecting, or attempting to collect debts from Colorado consumers, or soliciting accounts from creditors with a place of business in Colorado. If there are more than 15, you may provide the information using the Collector and Solicitor List template available within the Licensing portal on the Resources page. If using the template to provide this information, please be sure to upload it to the Other Information section before submitting the application.

## **Collections Manager Form**

Download and complete the Collections Manager Form and then upload the completed form to the Collections Manager Form section in the Licensing Portal.

## **License Verification Form**

Download the form and use the fillable fields to complete Section 1 of this Verification form and save it to your computer. Send both pages of the form to any state where you hold a license as a collection agency, debt collector, payday lender, or other financial services provider. Please provide us with a copy of each form you sent, so we may track receipt of the completed forms. Upload the completed forms to the License Verification section in the Licensing portal.

## **License/Registration List**

Please use the "Collection Agency License/Registration List" download in the licensing Portal to provide a list of all current licenses or registrations the applicant holds as a collection agency,

payday lender, or other financial provider. Upload the completed forms to the License/Registration List section in the Licensing portal.

## **Bank Account Information**

Use the fillable fields to complete the Bank Account Information form. Licensed collection agencies, except for debt buyers, must maintain a Trust Account for the benefit of its clients and must contain, at all times, sufficient funds due and owing to its clients. The trust account must be maintained in a commercial bank, industrial bank or savings and loan association. The bank account must be clearly designated as a trust account and must not be used as an operating account. Complete the Bank Account Information form and then upload the completed form to the Bank Account Information section in the Licensing Portal. You may upload multiple Bank Account Information forms if you have more than one trust or operating account.

If any trust account(s) are maintained in bank(s) outside of Colorado, provide an Out-of-State Trust Account Affidavit for each account and upload it to the Out-of-State Trust Account Affidavit Section. See section 5-16-123(1)(a), C.R.S. for more information.

## **Out-of-State Trust Account Affidavit (if applicable)**

If you have any out-of-state trust accounts, provide an Out-of-State Trust Account Affidavit form for each account. Download and complete the Colorado Collection Agency Out-of-state Trust Affidavit form and then upload the form to the Licensing portal.

## **Financial Statement**

Download and complete the Financial Statement form. You must use the designated form in the Licensing Portal. Upload this document under the Financial Statement section in the Licensing Portal.

## **Sample First Notice/Validation**

Provide a sample Validation/First Notice letter containing Colorado specific consumer rights advisory information. Review sections 5-16-105(3)(c), (d) and (e)(I), 5-16-107(1)(I), 5-16-109(1)(a) through (e), 5-16-123(1)(b)(I)(A) and (II), C.R.S., and Rule 2.01. Upload this under the Sample Validation/First Notice Section in the Licensing Portal.

## **Financial Responsibility (if applicable)**

If required to hold financial responsibility, provide proof in the form of a cash or surety bond showing the correct amount is being maintained, pursuant to section 5-16-124, C.R.S. and Rule 3.04. Download and complete the Colorado Collection Agency Surety Bond form and then upload the completed form under the Financial Responsibility section in the Licensing portal.

## **Debt Purchase Agreement (if applicable)**

If the applicant is a debt purchaser only, provide a copy of the debt purchase agreement with the application. Upload this documentation under the Debt Purchaser Agreement section in the Licensing portal.

## **Personal Affidavit**

Download and complete the Personal Affidavit Form for each owner, partner, member, and office and then upload the completed form to the Personal Affidavit(s) section in the Licensing Portal.

## **Signatory**

You must provide the name and email address of an authorized signatory. To simplify the process, please provide one signatory or, if necessary, no more than two signatories. Once the application is submitted, we will send an email to each person listed as a signatory for electronic signature; no account is needed to e-sign. **The application is not considered submitted until it is e-signed by all signatories.**

## **Providing Signature**

You must provide a digital signature on all of the supplemental forms that request it. To do this, please download and save the PDFs to your computer and then provide your digital signature in the signature field on the form. Once signed, you can upload the forms to the correlating sections in the Licensing Portal.

## **Payment**

You may pay the application fee online or by check. If you wish to pay online, you will be directed to the payment portal once the application is submitted. Fee and payment information can also be found on page 1 of this document and within the Licensing portal under Payment Information.