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UNIFORM CONSUMER CREDIT CODE

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January 4, 1980

Administrative Interpretation No. 5.112-8001

A NOTICE OF CONSUMER'S RIGHT TO CURE IS NOT REQUIRED WITH RESPECT TO ANY TRANSACTION PAYABLE IN FOUR OR FEWER INSTALLMENTS.

A question has arisen with respect to the right to cure provisions of Section 5-5-111 and 5-5-112 of the Uniform Consumer Credit Code with respect to the enforcement of a security interest when a single payment note is not paid at maturity.

Section 5-5-112(1) provides that after default consisting only of the debtor's failure to make a required payment, the creditor may neither accelerate maturity of the unpaid balance nor take possession of or otherwise enforce a security interest in the goods that are collateral until twenty days after a notice of the debtor's right to cure is given. The Colorado General Assembly, in 1977, recognized that the purpose for a right to cure is to allow the debtor to bring his payments up to date and continue with the contract as though a default consisting of nonpayment had not occurred. Such a provision, of course, is not necessary with respect to obligations consisting of a very few payments. Accordingly, Chapter 64 of the 1977 Session Laws of Colorado added a provision that the right to cure does not apply to any consumer credit transaction which is payable in four or fewer installments. That provision is now found in Section 5-5-112(4), C.R.S 1973, as amended.

Accordingly, the right to cure provisions of Sections 5-5-111 and 5-5-112 do not apply to any consumer credit transaction entered into on or after July 1, 1977 and payable in four or fewer installments. To the extent an earlier interpretation, dated July 30, 1979, is inconsistent with this official interpretation that earlier interpretation is deemed to be withdrawn.

By Frederick T. Berhenke
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This is an official interpretation of the Administrator as contemplated in 5-6-104(4), C.R.S. 1973, as amended.