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UNIFORM CONSUMER CREDIT CODE



The State of Colorado

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Administrative Interpretation No. 3.104-8008

AN UNCONDITIONAL LINE OF CREDIT IN AN AMOUNT EXCEEDING \$25,000 ESTABLISHED FOR AN INDIVIDUAL UNDER THE CIRCUMSTANCES SET FORTH IN 3-104 IS NOT A CONSUMER LOAN WITHIN THE MEANING OF THAT TERM IN 3-104 REGARDLESS OF THE AMOUNT OF INDIVIDUAL ADVANCES

The Administrator of the Colorado Uniform Consumer Credit Code has been asked whether advances of \$25,000 or less made pursuant to a line of credit to an individual under the circumstances set forth in C.R.S. 1973, 5-3-104, are "consumer loans" pursuant to that section if the line of credit is for more than \$25,000.

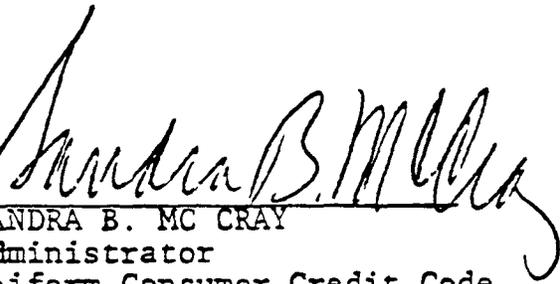
The former Administrator of the UCCC, Marshall Snider, recently considered the same issue with respect to "consumer-related" loans in an Administrative Interpretation No. 5.204-8005, dated May 14, 1980. In that interpretation, Mr. Snider stated that it was his opinion that "no 'consumer-related' loan exists under Section 3-602 where a previously established credit line exceeds \$25,000 regardless of the amount of individual advances." Mr. Snider based his interpretation on an analysis of the word "principal" since Section 3-602 which governs consumer related loans requires that the "principal" not exceed \$25,000. "Principal" is defined in Section 3-107(3) as the total of the net amount paid to, receivable by or paid or payable for the account of the debtor, plus the amount of any discount and certain other additional charges.

Implicit in Mr. Snider's interpretation is the requirement that the line of credit be established pursuant to an express written commitment by the lender to extend credit in an amount exceeding \$25,000. There must be no unilateral conditions placed on the line of credit by the lender. That is, the lender must not retain the option of revoking or limiting, in his sole discretion, the amount of credit extended.

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Section 5-3-104 governs the definition of consumer loans. That section, too, provides that in order for a loan to come within the definition of a consumer loan, the "principal" must not exceed \$25,000. Thus, the same reasoning used to analyze this issue with regard to consumer-related loans, which focused on the limit of the credit line, is applicable to the determination here. Accordingly, it is my opinion that if an unconditional line of credit in an amount exceeding \$25,000 is established for an individual pursuant to an express written commitment by a lender, no consumer loan exists under Section 3-104 regardless of the amount of individual advances.

By


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Administrator
Uniform Consumer Credit Code

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This is an official interpretation of the Colorado Uniform Consumer Credit Code as contemplated in Section 5-6-104(4), C.R.S. 1973, as amended.