

## **Compliance Alert: Colorado Mandates New Conditions for Existing In-state Office Requirement**

**June 4, 2010**

On May 5, 2010, the governor of Colorado signed House Bill 1222. The bill adds new requirements for debt collectors attempting to collect debt from consumers in Colorado. In particular, this legislation imposes new requirements for the currently existing obligation for licensed agencies in the state to maintain an in-state office in Colorado. The bill also adds special text requirements related to the in-state office requirement.

### **This legislation is effective July 1, 2010**

Agencies who attempt to collect debt in Colorado are strongly encouraged to review this compliance alert as well as the legislation itself.

**Current Law:** Currently, all licensed collection agencies attempting to collect in Colorado must: - maintain an office within Colorado that is open to the public during normal business hours and staffed by at least one full-time employee; and - keep a record of all money collected and remitted by the agency.

**New Requirements:** Under House Bill 1222, licensees are required to comply with the above described requirements and: accept payments physically made at the agency's in- state office for any debt the agency is attempting to collect; and provide the address and telephone number of the in- state office in each written communication to a consumer from whom the agency is attempting to collect a debt.

It is important for agencies to understand the new obligations resulting from HB 1222 may impact current practices, particularly with respect to retaining a third party to serve as an in-state office for an out-state agency.

Current Colorado law imposes requirements relating to processing of payment and receipt for payment as well as other requirements related to agency practices in Colorado. Agencies must review their current business practices to ensure they comply with HB 1222 as well as other obligations they may have under current Colorado law.

**Proposed Rules:** In response to the passage of House Bill 1222, the Administrator for the Colorado Collection Agency Board issued proposed rules attempting to implement the requirements set forth in House Bill 1222. If passed, the proposed rules would become effective July 30, 2010.

ACA will be submitting comments in regards to the proposed rules. We will continue to provide information to members.

This information is not to be construed as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to assure this information is up-to-date as of the date of publication. It is not intended to be a full and exhaustive explanation of the law in any area. This information is not intended as legal advice and may not be used as legal advice. It should not be used to replace the advice of your own legal counsel.

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