

Murky waters: Navigating GAP state regulations

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Member **Kristi Richard** (Baton Rouge) is quoted in "[Murky waters: Navigating GAP state regulations](#)," published Jan. 12, 2021, in *Auto Finance News* (subscription required).

*Despite Colorado statutes explicitly dictating that it is the lender's duty to refund clients, the refunds have been fundamentally understood to be the dealer's responsibility instead, said **Kristi Richard**, a member at McGlinchey. It has historically been the dealers making the refunds, Richard said, because they are the party to generally hold the funds from the GAP waiver. She has received pushback from dealers who want to disburse the refunds to their clients because they "have always taken care of it."*

Another problem may be that some creditors still don't have the systems in place to issue refunds to their consumers.

"I think the issue came in when the regulator started examining the creditors, and they didn't have proof that the refund was made or it wasn't made within the prescribed time," Richard said. Colorado's laws stipulate a 30-day turnaround.

Regardless of the states in which lenders are conducting business and any potential legal obstacles, Richard recommends that a lender who has an affirmative obligation that the dealer will distribute the refund should ensure the refund has been completed.

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