

HB 989 -- Payday Loans

Sponsor: Davis

This bill changes the laws regarding unsecured loans, commonly known as payday loans, of \$500 or less. In its main provisions, the bill:

- (1) Limits the interest and other fees that may be charged on loans to not more than an annual percentage rate (APR) of 10% over the prime interest rate;
- (2) Requires lenders to post in at least six-inch high numbers the maximum APR that they are currently charging. Loans initiated through the Internet must display this information in at least 16 point type;
- (3) Prohibits repeated renewals of loans to circumvent interest rate restrictions;
- (4) Grants jurisdiction to the Attorney General to issue cease and desist orders against violators;
- (5) Allows the Attorney General to sue for injunctions, rescission of loan contracts and restitution, and civil penalties for violations;
- (6) Requires lenders to disclose to the borrower the total interest paid upon the loan maturity date; and
- (7) Removes the provision requiring the Division of Finance within the Department of Insurance, Financial Institutions, and Professional Registration to report annually to the General Assembly.