

HB 1675 -- PAYDAY LOANS

SPONSOR: Gosen

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

- (1) Specifies that the provisions regarding payday loans apply to unsecured loans of \$750 or less. Currently, they apply to unsecured loans of \$500 or less;
- (2) Allows a lender to renew a loan twice, instead of the current six times;
- (3) Prohibits a borrower from having more than \$750 in outstanding loans at one time;
- (4) Prohibits a lender from making a loan to a borrower if the loan would cause the borrower to have more than one unsecured loan or from making a loan to a borrower within one day of the borrower paying or otherwise satisfying in full a previous payday loan;
- (5) Requires a lender to disclose to a borrower at the time of signing a loan the duration of the loan, amount and date of payments due, and amount of interest and fees to be charged throughout the duration of the loan;
- (6) Specifies that a lender's sole and exclusive remedy against a borrower who delivers a check, draft, or order that is not honored for payment on a loan will be a breach of contract claim and that a lender is barred from bringing a civil action for passing a bad check; and
- (7) Requires the Division of Finance within the Department of Insurance, Financial Institutions and Professional Registration to develop and administer a real-time statewide compliance system for licensed payday lenders to record each payday loan transaction.