



Banking and Financial Services

Introduced Payday Lending Legislation - 2007 Session

Last updated: May 3, 2007

State:	Bill Summary:
Alabama	<p>S.B. 119 Allow a consumer to rescind a payday loan transaction, provides further for rollover payday loans, allows consumers to request an extended payment plan, and restricts payday loans to military personnel and their dependents.</p>
	<p>S.B. 121 Repeals the Deferred Presentment Services Act.</p>
Arizona	<p>H.B. 2032 Makes a technical correction relating to the exemptions from provisions for retail sellers not represented as payday lenders.</p>
	<p>H.B. 2224 Prohibits extensions of payday loans.</p>
	<p>H.B. 2539 Regulates payday lending and loans to military members.</p>
	<p>H.B. 2643 Requires the creation of a database to track payday loans.</p>
	<p>H.B. 2738 Relates to payday loans for military members.</p>
	<p>S.B. 1051 Places a 36 percent interest rate cap and prohibits the extension of payday loans.</p>
	<p>S.B. 1052 Amends the payday licensing program termination date to January 1, 2008.</p>
	<p>S.B. 1101 Places a 36 percent interest rate cap on payday loans.</p>
	<p>S.B. 1446 <i>To Senate for concurrence 5/1/07</i> Allows repayment plans for deferred presentment transactions; stipulates that before entering into a deferred presentment transaction with a customer, the licensee must use reasonable efforts to verify that a customer does not have an incomplete repayment plan; prohibits prepayment penalties.</p>
	<p>S.B. 1473 Limits the interest rate that can be charged for payday loans for members of the military.</p>
Arkansas	<p>H.B. 1036 <i>Passed House 2/8/07</i> Creates the offense of unlawful consumer loans, and places a limit on the fee that can be charged for a deferred deposit transaction.</p>
	<p>S.B. 824 <i>Withdrawn 4/3/07</i> Imposes duties and restrictions on check-cashers as related to military customers and their spouses; imposes penalties for rollovers; encourages and permits no-fee extended payouts; restricts collection practices; otherwise ensures fairness in check cashing.</p>
	<p>S.B. 923 <i>Failed to pass House 3/30/07</i> Imposes duties and restrictions on check-cashers as related to military customers and their spouses; imposes penalties for rollovers; encourages and permits no-fee extended payouts; restricts collection practices; otherwise</p>

	ensures fairness in check cashing.
California	<p>A.B. 7 <i>Passed Assembly 4/26/07</i></p> <p>On or after October 1, 2007, makes it unlawful under the California Finance Lenders Law and the California Deferred Deposit Transaction Law to violate specified provisions of the John Warner National Defense Authorization Act for Fiscal Year 2007, relating to the armed forces. Exempts from the discrimination provisions, with respect to loans and transactions covered by the John Warner National Defense Authorization Act, any person who does not market or extend consumer loans to armed services members and any person who does not market deferred deposit transactions to, or enter into such transactions with, armed services members.</p>
	<p>A.B. 634</p> <p>Existing law, the California Deferred Deposit Transaction Law, prohibits a person from offering, originating, or making a deferred deposit transaction without first obtaining a license from the Commissioner of Corporations. Existing law exempts from the definition of a "licensee" under the California Deferred Deposit Transaction Law a retail seller engaged primarily in the business of selling consumer goods to retail buyers that cashes checks or issues money orders for a minimum fee not exceeding \$2 as a service to its customers that is incidental to its main purpose or business. This bill exempts from the definition of a "licensee" a retail seller selling consumer goods to retail buyers that accepts payment by check for goods or services sold or leased by the retail seller without additional charge.</p>
	<p>A.B. 1310</p> <p>Existing law, the California Deferred Deposit Transaction Law, prohibits a person from offering, originating, or making a deferred deposit transaction without first obtaining a license from the Commissioner of Corporations. Existing law authorizes a licensee to defer the deposit of a customer's personal check for up to 31 days and prohibits the face amount of the check from exceeding \$300. Existing law requires deferred deposit transactions to be made pursuant to a written agreement meeting certain requirements, including requiring an agreement to disclose the total amount of any fees charged for the deferred deposit transaction and to provide a specified informational notice. Existing law prohibits a fee for a deferred deposit transaction from exceeding 15 percent of the face amount of the check. Existing law makes a violation of these provisions a crime. This bill makes nonsubstantive changes to these provisions.</p>
	<p>A.B. 1534</p> <p>Requires an additional report to be provided to the governor and the Legislature by December 1, 2008, that would include specified information on deferred deposit transaction customers and the advertising practices of licensees.</p>
	<p>S.B. 998</p> <p>Existing law provides for the regulation, by the commissioner of Corporations, of issuers of securities, franchises, persons engaged in the business of making deferred deposit transactions, finance lenders, and check sellers, bill payers, and proraters. A willful violation of the laws regulating these individuals is a crime. This bill authorizes the commissioner of Corporations, with respect to those individuals, to issue an order censuring, suspending, or barring from any position of employment, management, or control, specified licensees or other persons, and prohibiting licensees or persons from participating in the business, as specified, for prescribed cause.</p>
Connecticut	<p>S.B. 1039 <i>Failed Joint Favorable deadline 3/8/07</i></p> <p>Specifically includes payday lenders within the purview of the statutory provisions regulating small loan lenders in order to protect consumers from the predatory terms and tactics employed in the making and collection of a payday loan.</p>
	<p>S.B. 1040 <i>Failed Joint Favorable deadline 3/8/07</i></p> <p>Specifically prohibits the making of payday loans in order to protect consumers from the predatory terms and tactics employed in the making of such loans.</p>
District of Columbia	<p>B17-132</p> <p>Amends the Check Cashers Act of 1998 in order to restrict certain lending practices conducted by payday loan businesses.</p>
Florida	<p>S.B. 2678</p> <p>Defines the terms "check" and "engage in a deferred presentment transaction"; creates Â§ 560.4031, F.S.; provides that any deferred presentment transaction entered into by a drawer with a nonexempt person who is not registered under ch. 560, F.S., is void; provides penalties and civil remedies; provides that a person commits a felony of the third degree if he or she attempts to collect on any deferred presentment transaction that he or she knows to be void.</p>
Georgia	<p>H.B. 163</p>

	<p><i>Failed to pass House 3/27/07</i></p> <p>Provides for licensing of persons who provide deferred presentment services; to provide for a short title; defines certain terms; provides for licenses, qualifications, and application therefor; provides for fees; provides for limitations; provides for consumer notices; provides for rules and regulations; provides for penalties and hearings; provides for complaint investigation; provides for annual reports; amends Title 16 of the Official Code of Georgia Annotated, relating to crimes and offenses, so as to repeal Chapter 17, "Payday Lending"; provides for related matters; to provide for severability; provides for preemption.</p>
Hawaii	<p>H.B. 430</p> <p>Requires the Department of Commerce and Consumer Affairs to regulate the payday lending industry through licensing. Appropriates funds to establish a financial literacy education program.</p>
	<p>H.B. 483</p> <p><i>In conference committee 5/1/07</i></p> <p>Requires the Department of Commerce and Consumer Affairs to regulate the check cashing industry through licensing requirements; provides further requirements for deferred deposit transactions.</p>
	<p>S.B. 636</p> <p>Amends the check cashing laws to require registration of check cashers, provides further requirements on deferred deposit transactions, and clarifies applicability requirements.</p>
	<p>S.B. 1660</p> <p>Requires the Department of Commerce and Consumer Affairs to regulate the payday lending industry through licensing. Appropriates funds to establish a financial literacy education program.</p>
	<p>S.B. 1935</p> <p><i>Passed Senate 3/6/07</i></p> <p>Requires the Department of Commerce and Consumer Affairs to regulate the check cashing industry through licensing requirements; provides further requirements for deferred deposit transactions.</p>
Illinois	<p>H.B. 10</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>H.B. 82</p> <p>Creates the Payday Loan Consumer Protection Act. Contains only a short title provision.</p>
	<p>H.B. 83</p> <p>Creates the Consumer Protection and Payday Lenders Regulation Act. Contains only a short title provision.</p>
	<p>H.B. 1184</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>H.B. 1437</p> <p>Amends the Payday Loan Reform Act. Changes the definition of "payday loan" to include any loan with a finance charge exceeding an annual percentage rate of 36% (instead of with a finance charge exceeding an annual percentage rate of 36% and with a term that does not exceed 120 days). Provides that no lender may make a payday loan with periodic payments unless the periodic payments are substantially equal term payments and, if paid as scheduled, result in full payment of the principal and interest owed on the loan at the end of the loan term. Requires the licensee, as part of the information that he or she must collect and maintain, to include the total number of lawsuits filed by the licensee or its agent against consumers to collect on payday loans from consumers during the preceding calendar year. Prohibits a licensee or a person making payday loans from evading the requirements and prohibitions of the Act by use of a device or subterfuge including, but not limited to, (i) disguising a payday loan as a different type of transaction, or (ii) characterizing a required fee as a purchase of a good or service in connection with a payday loan. Authorizes the Department to develop rules to determine if any person or entity seeks to evade the applicability of this Act by any device, subterfuge, or pretense.</p>
	<p>H.B. 2643</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>H.B. 3194</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>S.B. 1063</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>S.B. 1271</p> <p>Amends the Payday Loan Reform Act. Makes a technical change in a section concerning the short title.</p>
	<p>S.B. 1468</p>

	<p><i>Passed Senate 4/20/07</i></p> <p>Amends the Payday Loan Reform Act. Changes the definition of "payday loan" to include any loan with a finance charge exceeding an annual percentage rate of 36 percent (instead of with a finance charge exceeding an annual percentage rate of 36 percent and with a term that does not exceed 120 days). Provides that no lender may make a payday loan with periodic payments unless the periodic payments are substantially equal term payments and, if paid as scheduled, result in full payment of the principal and interest owed on the loan at the end of the loan term. Requires the licensee, as part of the information that he or she must collect and maintain, to include the total number of lawsuits filed by the licensee or its agent against consumers to collect on payday loans from consumers during the preceding calendar year. Prohibits a licensee or a person making payday loans from evading the requirements and prohibitions of the Act by use of a device or subterfuge including, but not limited to, (i) disguising a payday loan as a different type of transaction, or (ii) characterizing a required fee as a purchase of a good or service in connection with a payday loan. Authorizes the Department to develop rules to determine if any person or entity seeks to evade the applicability of this Act by any device, subterfuge, or pretense.</p>
Iowa	<p>S.F. 132</p> <p>Makes amendments to Code chapter 533D, delayed deposit services, more commonly known as payday loans. The bill amends Code section 533.9 to provide that a licensee may charge a transaction fee of \$5 per \$100 of the amount financed, rather than the current fee maximum of \$15 on the first \$100 financed, and \$10 for subsequent \$100 increments. The bill also amends Code section 533.9 to require licensees to make written information regarding charges, fees, penalties, and interest rates available upon request, and to provide that notices and disclosures be provided in languages spoken by the consumers who frequent that location. The bill amends Code section 533.10 to provide that the licensee shall not enter into more than one transaction with a maker at one time, and that the licensee must wait two days after termination of a transaction through cashing the maker's check before entering into another delayed deposit transaction with the same maker. The bill also changes the maximum amount of the transaction to \$300, rather than \$500. The bill creates new Code section 533D.17, which requires licensees to report, and the superintendent to collect, information regarding delayed deposit transactions made, affiliate relationships with other financial institutions, and information regarding the age, ethnicity, and annual income of each consumer of the licensee's delayed deposit services.</p>
Kansas	<p>H.B. 2244</p> <p>Prevents a lender from making a payday loan to a potential borrower if the borrower already has two loans outstanding. The bill prohibits a borrower from receiving a loan if five consecutive loans have been made, until seven days after the fifth consecutive loan is paid in full. The bill defines a consecutive loan as a new loan agreement that a lender enters into with the same borrower within seven days after a previous loan made with that borrower is paid in full. The bill also allows the Office of the State Bank Commissioner, or a third party provider selected by the Office of the State Bank Commissioner, to develop, implement, and maintain a statewide common database to verify compliance with the law. Lenders would be required to input information in the database on all loans that they make, and check with the database to determine if a borrower is eligible to receive a payday loan. Lenders would be charged a verification fee of up to \$1 per transaction to access the database.</p>
	<p>S.B. 217</p> <p>Prevents a lender from making a payday loan to a potential borrower if the borrower already has two loans outstanding. The bill prohibits a borrower from receiving a loan if five consecutive loans have been made, until seven days after the fifth consecutive loan is paid in full. The bill defines a consecutive loan as a new loan agreement that a lender enters into with the same borrower within seven days after a previous loan made with that borrower is paid in full. The bill also allows the Office of the State Bank Commissioner, or a third party provider selected by the Office of the State Bank Commissioner, to develop, implement, and maintain a statewide common database to verify compliance with the law. Lenders would be required to input information in the database on all loans that they make, and check with the database to determine if a borrower is eligible to receive a payday loan. Lenders would be charged a verification fee of up to \$1 per transaction to access the database.</p>
Kentucky	<p>H.B. 92</p> <p>Creates a new section of Subtitle 9 of KRS Chapter 286 to prohibit a deferred deposit licensee from charging a service fee to a covered member of the armed forces or a dependent of such member which will yield an amount greater than an annual percentage rate of 36 percent; amends KRS 286.9-100 to conform.</p>
Michigan	<p>S.B. 454</p> <p>Provides for a cap on payday loan charges allowed for military personnel and their families.</p>
Minnesota	<p>H.F. 2056 S.F. 1920</p> <p><i>Sent to governor 5/1/07</i></p>

	Relates to financial institutions; regulates certain charges for returned check fees, expenses, electronic financial terminals, and investments.
Mississippi	<p>H.B. 1136 <i>Died in committee 1/30/07</i></p> <p>Amends Å§75-67-509, Mississippi Code of 1972, to provide that any person who has been convicted of a felony shall not be eligible for a license as a check casher; amends Å§75-67-515, Mississippi Code of 1972, to provide that the commissioner of banking shall impose a civil penalty against a check casher licensee for initiating criminal proceedings for an overdrawn check; requires licensees to attend annual continuing education training; amends Å§75-67-519, Mississippi Code of 1972, to provide that the commissioner shall impose a civil penalty against a licensee for renewing or extending a delayed deposit check or accepting repayment of a delayed deposit check with the proceeds of another check cashed by the same licensee; amends Å§75-67-527, Mississippi Code of 1972, to increase the amount of a civil penalty that the commissioner may impose against a licensee for violations of the check cashers act.</p>
	<p>H.B. 1479 <i>Died in committee 1/30/07</i></p> <p>Creates new code Å§75-67-541, Mississippi Code of 1972, to require check casher licensees to file annual reports with the commissioner of banking and consumer finance; requires the commissioner to compile an annual report containing certain data regarding all deferred deposit loans made in the preceding year.</p>
	<p>S.B. 2016 <i>Died in committee 1/30/07</i></p> <p>Requires check casher licensees to file annual reports with the commissioner of Banking and Consumer Finance; requires the commissioner to compile an annual report containing certain data regarding all deferred deposit loans made in the preceding year.</p>
	<p>S.B. 2722 <i>Died in committee 1/30/07</i></p> <p>Reenacts Å§75-67-501 through Å§75-67-537, Mississippi Code of 1972, which are the Mississippi Check Cashers Act; amends reenacted Å§75-67-505, Mississippi Code of 1972, to delete provisions that allow the change of ownership of a licensed check cashing business without obtaining a new license for the business; repeals Å§75-67-539, Mississippi Code of 1972, which is a repealer on the Check Cashers Act.</p>
Missouri	<p>H.B. 237</p> <p>Changes the laws regarding unsecured loans of \$500 or less. The bill: (1) Limits the interest and other fees that may be charged on the loans to \$15 for the first \$100 of principal for the first 30 days of the loan and not more than three percent per month thereafter, which is an annual percentage rate of approximately 36 percent; (2) Prohibits repeated renewals of loans to circumvent interest rate restrictions; (3) Grants jurisdiction to the attorney general to issue cease and desist orders against violators; (4) Allows the attorney general to sue for injunctions, rescission of loan contracts and restitution, and civil penalties for violations; and (5) Clarifies that the limitations apply to all lenders, whether or not they are properly licensed pursuant to Chapter 408, RSMo.</p>
	<p>H.B. 423</p> <p>Changes the laws regarding unsecured loans of \$500 or less. The bill: (1) Limits the interest and other fees that may be charged on the loans to \$15 for the first \$100 of principal for the first 30 days of the loan and not more than 3% per month thereafter, which is an annual percentage rate of approximately 36 percent; (2) Prohibits repeated renewals of loans to circumvent interest rate restrictions; (3) Grants jurisdiction to the attorney general to issue cease and desist orders against violators; (4) Allows the attorney general to sue for injunctions, rescission of loan contracts and restitution, and civil penalties for violations; and (5) Specifies that the limitations apply to all lenders, whether or not they are properly licensed pursuant to Chapter 408, RSMo.</p>
	<p>H.B. 989</p> <p>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 percent 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.</p>

	<p>H.B. 1080 Requires lenders of unsecured loans under \$500, commonly referred to as payday loans, to notify borrowers of the balance owed on the principal, interest, and other fees at least every three months.</p>
	<p>S.B. 96 This act amends the law relating to unsecured loans of \$500 or less. Under current law, lenders may renew such loans upon the borrower's request. This act prohibits lenders from renewing such loans. Under current law, the director of the Division of Finance may issue a cease and desist order when lenders fail to make a good faith effort to comply with laws relating to consumer loans. This act allows the attorney general to do the same. The attorney general may also file an action in any circuit court to enjoin the practice; impose a civil penalty; or to obtain an order of rescission, restitution, or disgorgement. Under the act, a lender may only charge interest and fees up to the amount of \$15 for the first \$100 of principal for the first 30 days of the loan, and not more than three percent per month thereafter, which is an annual percentage rate of approximately 36 percent. Under current law, the Division of Finance must report to the general assembly, the number of licenses issued under this section every other year. This act requires the division to report every year. The provisions in this section apply to all lenders, whether or not they are properly licensed.</p>
Montana	<p>H.B. 29 <i>Died in committee 4/27/07</i> Revises the Montana Deferred Deposit Loan Act and the Montana Title Loan Act; increases licensing fees; removes the requirement that the Department of Administration annually examine each deferred deposit lender's operation; modifies bookkeeping requirements for lenders; prohibits additional deferred deposit loans to consumers with an outstanding deferred deposit loan; creates a database of consumers with outstanding deferred deposit loans and requires deferred deposit lenders to subscribe to the database; provides for repayment plans for a consumer with a deferred deposit loan outstanding after the term of the loan; caps the interest rate on loans; modifies license suspension and revocation provisions; authorizes the Department to conduct investigations and issue subpoenas and cease and desist orders; authorizes the Department to seek court-ordered injunctions.</p>
	<p>S.B. 165 <i>Passed both houses 4/27/07</i> Revises the Montana Deferred Deposit Loan Act; includes deferred deposit lenders in the definition of regulated lenders; increases licensing fees; removes the requirement that the Department of Administration annually examine each deferred deposit lender's operation; modifies bookkeeping requirements for deferred deposit lenders; prohibits additional deferred deposit loans to consumers with an outstanding deferred deposit loan; authorizes the Department to conduct investigations and issue subpoenas and cease and desist orders; authorizes the Department to seek court-ordered injunctions.</p>
	<p>S.B. 455 <i>Missed deadline for general bill transmittal 2/28/07</i> Revises the Montana Deferred Deposit Loan Act and the Montana Title Loan Act by capping the interest rate that may be charged on deferred deposit loans and title loans.</p>
Nebraska	<p>L.B. 122 Changes and eliminates provisions relating to financial institution assessment; changes examination expense provisions relating to the Nebraska Installment Sales Act, Mortgage Bankers Registration and Licensing Act, Delayed Deposit Services Licensing Act, and Nebraska Installment Loan Act.</p>
Nevada	<p>A.B. 478 <i>Passed Assembly 4/23/07</i> Revises the applicability of the standards and procedures to make them applicable to any person who makes a loan pursuant to a loan agreement that charges an annual percentage rate of more than 40 percent regardless of the term of the loan. This bill redefines such a loan as a provides that the original term of a deferred deposit loan or a 10 high-interest loan must not exceed 30 days. Existing federal law imposes limitations on the terms of consumer credit that are extended to members of the Armed Forces of the United States who are on active duty and their dependents, including, without limitation, a prohibition against a lender imposing an interest rate greater than 36 percent. The federal law preempts any state law that is inconsistent with the federal law. (Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364) This bill provides that any violation of the federal law shall be deemed to be a violation of chapter 604A of NRS, thereby making violators subject to the remedies and penalties set forth in that chapter, including the imposition of an administrative fine of not more than \$10,000 for each violation, the revocation or suspension of a license issued pursuant to that chapter and civil actions for damages.</p>
	<p>S.B. 259</p>

	Existing federal law imposes limitations on the terms of consumer credit that are extended to members of the Armed Forces of the United States who are on active duty and their dependents, including, without limitation, a prohibition against a lender imposing an interest rate greater than 36 percent. The federal law preempts any state law that is inconsistent with the federal law. (Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364) This bill provides that any violation of the federal law shall be deemed to be a violation of chapter 604A of NRS, thereby making violators subject to the remedies and penalties set forth in that chapter, including the imposition of an administrative fine of not more than \$10,000 for each violation, the revocation or suspension of a license issued pursuant to that chapter and civil actions for damages.
	S.B. 537 Reduces the number of persons and businesses who are not subject to the provisions of NRS governing deferred deposit loans, short-term loans, title loans and check-cashing services. (NRS 604A.250) Section 27 of this bill prohibits a check-cashing service from cashing a check for an amount less than the face value of the check, minus any fee charged for the service. (NRS 604A.400) Section 28 of this bill extends provisions governing multiple deferred deposit and short-term loans to one customer to also apply to multiple title loans to one customer. (NRS 604A.430) Section 29 of this bill provides that the repayment period that certain loan providers must allow for a borrower in default may not extend beyond 180 days. (NRS 604A.675)
New Hampshire	H.B. 267 Establishes a limit on the percent of interest for certain small loans. This bill also limits eligibility for payday and title loans.
	H.B. 620 Repeals the statutory provisions regarding small loans, title loans, and payday loans and establishes a general statutory usury rate.
	H.B. 759 Establishes additional remedies for violations of banking laws. Modifies reporting and record-keeping requirements for banking licenses. Makes certain technical changes to the laws regarding banking. Amends definition of payday lending.
New Jersey	A.B. 349 Allows licensed check cashers to make small unsecured emergency advance or "payday" consumer loans of up to \$500 and regulates those loan transactions. The bill limits the fee rate chargeable by the licensee to 10 percent of the total amount of the customer's personal check, and specifies that the deferment must be for not less than seven days and not more than 30 days. In addition, the bill prohibits more than one outstanding payday loan to a borrower; provides for a cooling off period between payday loans to a customer; limits the total annual transaction fees chargeable per customer; prohibits payday loans to customers whose sole means of support is Social Security or government benefits payments; and provides for the right to rescind a payday loan by the close of the next business day.
	S.B. 1245 Provides that, in addition to any other penalties provided by law, it is an unlawful practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), for any person to engage in the business of making deferred deposit or "payday" loans. Although the annual percentage rates associated with payday loans may violate existing usury statutes and other laws, this bill expressly prohibits payday loans by making this practice a violation of the consumer fraud act. An "unlawful practice" under the consumer fraud act is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any subsequent offense. In addition, a violation can result in cease and desist orders issued by the attorney general, the assessment of punitive damages and the awarding of treble damages and costs to the injured party.
New Mexico	H.B. 1224 Requires short-term lenders to provide information on financial literacy courses to consumers.
New York	A.B. 722 Prohibits foreign banking corporations from issuing payday loans; defines payday loans as any transaction in which a short-term cash advance is made to a consumer in exchange for (i) a consumer's personal check or share draft, in the amount of an advance plus a fee, where presentment or negotiation of such check or share draft is deferred by agreement of the parties until a designated future date; or (ii) a consumer's authorization to debit the consumer's transaction account, in the amount of the advance plus a fee, where such account will be debited on or after a designated future date.
	A.B. 3514 Sets forth procedures for licensed lenders and payday loans by military borrowers; provides that a licensee shall not garnish any wages or salary paid for service in the armed forces when collecting any delinquent payday loan, defer

	all collection activity against a military borrower, honor the terms of any repayment agreement between a licensee and military borrower and make no loans to a military borrower if a commander has declared a specific location of the licensee's business is off limits to military personnel.
Oklahoma	<p>S.B. 693 <i>Passed Senate 2/15/07</i></p> <p>Relates to the Deferred Deposit Lending Act; prohibits the cashing of certain instruments under certain circumstances; provides certain deferred deposit loan transaction as complete and paid in full; prohibits certain collection; provides for certain proper documentation; modifies penalties.</p>
	<p>S.B. 807</p> <p>Relates to the Deferred Deposit Lending Act; modifies and adds prohibited acts; modifies certain finance charges; makes exception to certain finance charges; modifies when a deferred deposit loan shall not be made; modifies when a new deferred deposit loan agreement may be made after certain completion; modifies limit on number of loans; provides exception; states what certain advertising material shall include.</p>
Oregon	<p>H.B. 2203 <i>Passed House 2/13/07</i></p> <p>Applies provisions of the Oregon Consumer Finance Act to lenders that make loans to consumers in this state. Requires the director of the Department of Consumer and Business Services to develop and implement a system to permit lenders to comply with lenders' obligations under the law. Establishes minimum requirements for the system. Prohibits lenders from charging consumers fees greater than fees that a vendor or service provider charges to lenders for access to or use of the system. Permits lenders to charge consumers actual collection costs for loans consumers fail to repay. Prohibits lenders from collecting loan principal, interest or fees unless lenders have or obtain license.</p>
	<p>H.B. 2205 <i>Passed House 2/13/07</i></p> <p>Requires a person in the business of making consumer finance loans to obtain a license. Defines a consumer finance loan. Directs the director of Department of Consumer and Business Services to issue a consumer finance loan license or a short term loan license to qualified applicants.</p>
	<p>H.B. 2871</p> <p>Sets maximum interest rate at 36 percent per annum for all consumer loans of less than \$50,000. Permits lenders to charge only one origination fee of not more than \$10 of each \$100 of loan amount of title or payday loans, or \$30, whichever is less. Permits lenders to charge only one origination fee of not more than five percent of loan amount or \$30, whichever is less, for loans other than title or payday loans. Subjects open-end loan plans to 36 percent per annum interest cap. Restricts title lenders from making or renewing title loans for terms of less than 31 days and from renewing title loans more than two times. Prohibits title lenders from charging certain fees for dishonored checks.</p>
Rhode Island	<p>S.B. 537</p> <p>Eliminates certain restrictions and limitations placed upon deferred deposit transactions which are currently governed by Title 19.</p>
South Carolina	<p>H.B. 3294</p> <p>Amends Â§34-39-130, Code of Laws of South Carolina, 1976, relating to licensure requirements in connection with a person engaging in the business of deferred presentment services, so as to prohibit a nonresident from engaging in those services in this state without a license and to further differentiate between a person required to be licensed and a bona fide state or federally chartered bank, thrift, savings association, or credit union; amends Â§34-39-180, relating to restrictions and requirements for deferred presentment or deposit of a check, so as to cap the annual interest rate chargeable at 36 percent; amends Â§34-39-200, relating to limitations on licensees, so as to limit the licensee to one contract with a customer at a time; and amends Â§34-39-230, relating to civil penalties for violations, so as to void a violating contract, provide for damages, make a violation an unfair trade practice, make the penalties in this chapter cumulative of all remedies, both legal and equitable, prohibit the enforcement of an unconscionable arbitration provision, and outline factors for determining unconscionability.</p>
	<p>H.B. 3416</p> <p>Creates the crime of engaging in the business of deferred presentment in this state, to provide that a violation is a felony, and to provide for a mandatory minimum penalty; and to repeal chapter 39 of title 34, relating to the South Carolina Deferred Presentment Services Act.</p>
	<p>H.B. 3419</p> <p>Relates to application for licensure as a deferred presentment service, so as to provide that the Board of Financial Advisors notify the secretary of state of the name and address of each licensee; amends Â§34-39-160, relating to</p>

	<p>qualifications for licensure as a deferred presentment service, so as to provide that the applicant may not place a licensed location within a three-mile radius of an existing licensed location or the location of a check-cashing service; amends Â§34-39-180, relating to restrictions and requirements for presentment or deposit, so as to limit the aggregate total of advanced monies to one customer in any 31 day period to \$300; and amends Â§34-39-190, relating to books, accounts, and records of a deferred presentment service, so as to provide that they must be accessible by the Department Of Consumer Affairs.</p>
	<p>H.B. 3448 Relates to charges permitted and other provisions allowed in consumer finance transactions, so as to exclude "payday loans", known as deferred presentment transactions; amends Â§34-39-140, relating to application of the provisions requiring licensing of a person engaged in the business of deferred presentment transactions, so as to make the provisions applicable to a person actually engaged in that business while purporting to act as an entity that would not be required otherwise to be licensed; amends Â§34-39-180, so as to limit the number and the amount of a transaction for each customer and to cap the annual interest rate chargeable in a deferred presentment transaction to 36 percent; amends Â§34-39-200, relating to limitations on licenses, so as to restate the limit of one contract with a customer at a time; amends Â§37-3-201, relating to the allowable loan finance charge for consumer loans, and Â§37-3-305, relating to the posting of a maximum rate schedule for consumer loans, both so as to exclude their applicability to a deferred presentment transaction.</p>
	<p>H.B. 3831 Provides for the development, implementation, and maintenance of a statewide database of deferred presentment transactions accessible to deferred presentment licensees for the purpose of tracking open and closed transactions with other licensees and accessible to the board of financial institutions for the purposes of investigation and enforcement; amends Â§34-39-180, relating to restrictions and requirements for a deferred presentment transaction, so as to limit a licensee to a maximum loan amount for any one customer of \$300 during any 60-day period, to limit the number of transactions in a year to six for any one customer, and to require a licensee to grant a six-month repayment grace period and a repayment plan option to a customer; amends Â§34-39-230, relating to penalties and remedies for violations by a deferred presentment licensee, so as to require the board to impose certain civil penalties, to provide that violations run with the licensee, or the person subject to the licensing requirement, and not with the location, to provide for cumulative civil remedies, including injunctive relief, damages and attorney's fees, unfair trade practice remedies, and voiding of the contract, and to prohibit the enforcement of an arbitration clause if a court finds that specified circumstances render the contract unconscionable.</p>
	<p>S.B. 76 Provides for a common database of deferred presentment transactions, implemented by the Consumer Finance Division of the Board of Financial Institutions and accessible to deferred presentment providers to verify if an applicant has an existing or recently terminated deferred presentment transaction, provides for the information required, and allows a fee up to \$1 for submitted data; amends Â§34-39-130, relating to engaging in the business of deferred presentment services, so as to require compliance by both resident and nonresident providers of deferred presentment services; and amends Â§34-39-180, relating to requirements of a licensed provider of deferred presentment services, so as to include the requirements that the licensee verify existing or recently terminated transactions by way of the established database and that the provider give a grace period to a consumer who cannot repay in a timely manner, including written notice of the grace period, information about consumer credit counseling, and conspicuous notice that the consumer cannot be arrested for failure to repay the loan, and provides that the licensee pay one-half the cost of the consumer's counseling.</p>
	<p>S.B. 398 Creates the crime of engaging in the business of deferred presentment in this state, to provide that a violation is a felony, and to provide for a mandatory minimum penalty; and to repeal chapter 39 of title 34 relating to the South Carolina Deferred Presentment Services Act.</p>
Tennessee	<p>H.B. 2133 S.B. 1562 Clarifies that deferred presentment establishments have 30 days to appeal sanctions imposed against them; no civil penalties are due until the 30-day period has expired.</p>
Texas	<p>H.B. 464 Relates to making a cash advance under a deferred presentment transaction in conjunction with another person.</p>
	<p>H.B. 1867 S.B. 753 Relates to the regulation of a person who offers, services, or brokers a deferred presentment transaction.</p>
	<p>H.B. 2134</p>

	<p>S.B. 988 Relates to the regulation of certain consumer lenders.</p>
	<p>S.B. 857 Relates to restrictions on the authority of certain persons to act as or on behalf of, or associate with, a lender.</p>
	<p>S.B. 858 Relates to the interest and fees that may be charged for certain consumer loans; providing a criminal penalty.</p>
Utah	<p>H.B. 159 <i>Enacted clause struck 2/28/07</i> Requires the Department of Financial Institutions to study payday lending; requires the Department to work with various interest groups; requires reporting to the Business and Labor Interim Committee; and provides a repeal date.</p>
	<p>H.B. 329 <i>Enacted clause struck 2/28/07</i> Modifies provisions related to deferred deposit loans; addresses operational restrictions including: the contents of the required written contract; prohibitions on the number, term, and amount of a deferred deposit loan; and prohibitions on unfair, deceptive, or fraudulent practices; addresses treatment of payments; requires recordkeeping; requires annual reports related to deferred deposit loans by check cashers and the department.</p>
Virginia	<p>H.B. 1621 <i>Incorporated into H.B. 2563 1/30/07</i> Requires the State Corporation Commission, on or before July 1, 2008, to contract with a third party to establish and administer a database with real-time access through an Internet connection to ensure compliance with the Payday Loan Act. Lenders are prohibited from making a payday loan unless it has obtained information from the database, or other permitted verification source, that the borrower does not have three or more outstanding payday loans and has not terminated a payday loan within 48 hours. The measure also (i) prohibits a payday lender from making a payday loan to a borrower if the borrower has three or more other payday loans outstanding or within 48 hours following the borrower's termination of a payday loan; (ii) prohibits a lender from instituting collection proceedings against a borrower until 60 days after the date of default; (iii) prohibits a lender from engaging in any unfair, misleading, deceptive, or fraudulent acts or practices in the making or collecting of a payday loan; (iv) requires a lender, when collecting or attempting to collect a payday loan when the check given as security for such loan is dishonored, to comply with the provisions of the Fair Debt Collection Practices Act that apply to debt collectors; (v) authorizes the Commission to impose a penalty on a person who violates any regulation promulgated by the Commission pursuant to the Payday Loan Act or other law or regulation applicable to the conduct of the lender's business; and (vi) provides that any provision of a written loan agreement that violates the Payday Loan Act is unenforceable against the borrower.</p>
	<p>H.B. 1684 <i>Tabled 1/30/07</i> Repeals the Payday Loan Act effective July 1, 2009.</p>
	<p>H.B. 1799 <i>Incorporated into H.B. 2563 1/30/07</i> Establishes a maximum annual interest rate for payday loans of 36 percent.</p>
	<p>H.B. 1813 <i>Incorporated into H.B. 2563 1/30/07</i> Requires the State Corporation Commission, on or before July 1, 2008, to contract with a third party to establish and administer a database with real-time access through an Internet connection to ensure compliance with the Payday Loan Act. Lenders are prohibited from making a payday loan unless they have obtained information from the database, or other permitted verification source, that the borrower does not have two or more outstanding payday loans from one or more lenders. The maximum fee that may be charged in a payday loan is reduced from 15 percent to 7.5 percent of the amount advanced.</p>
	<p>H.B. 1955 <i>Incorporated into H.B. 2563 1/30/07</i> Requires the State Corporation Commission, on or before July 1, 2008, to contract with a third party to establish and administer a database with real-time access through an Internet connection to ensure compliance with the Payday Loan Act. Lenders are prohibited from making a payday loan unless they have obtained information from the</p>

	<p>database, or other permitted verification source, that the borrower does not have any outstanding payday loans and has not terminated a payday loan within 48 hours. The maximum fee that may be charged in a payday loan is reduced from 15% to 10% of the amount advanced. The measure also (i) prohibits a payday lender from making a payday loan to a borrower if the borrower has a payday loan outstanding or has terminated a payday loan within the preceding 48 hours; (ii) prohibits a lender from instituting collection proceedings against a borrower until 60 days after the date of default; (iii) prohibits a lender from engaging in any unfair, misleading, deceptive, or fraudulent acts or practices in the making or collecting of a payday loan; (iv) requires a lender, when collecting or attempting to collect a payday loan when the check given as security for such loan is dishonored, to comply with the provisions of the Fair Debt Collection Practices Act that apply to debt collectors; (v) authorizes the Commission to impose a penalty on a person who violates any regulation promulgated by the Commission pursuant to the Payday Loan Act or other law or regulation applicable to the conduct of the lender's business; (vi) provides that any provision of a written loan agreement that violates the Payday Loan Act is unenforceable against the borrower; and (vii) prohibits making payday loans to members of the military or their spouses.</p>
	<p>H.B. 2159 <i>Tabled 1/30/07</i> Repeals the Payday Loan Act effective July 1, 2008.</p>
	<p>H.B. 2243 <i>Tabled 1/30/07</i> Repeals the Payday Loan Act.</p>
	<p>H.B. 2563 <i>Stricken from House Calendar 2/6/07</i> Requires the State Corporation Commission, by July 1, 2008, to certify and contract with one or more third parties to develop, implement, and maintain an Internet-accessible database, and requires payday lenders to query the database prior to making any loan to determine whether an applicant is eligible for the loan. Fifty cents may be charged to defray the costs of using the database. A payday lender is prohibited from making a payday loan to a person who has terminated a payday loan on the loan application date, or if the loan would cause the borrower to have more than three payday loans outstanding at the same time. Payday lenders are prohibited from knowingly making loans to a member of the military service or to the spouse of such person. If a borrower obtains three or more consecutive payday loans, the borrower may enter into an extended payment plan, which allows the borrower to repay the loan in at least two equal installments over 60 days. The installments may be secured by three checks written by the borrower. Other provisions (i) prohibit a lender from engaging in any unfair, misleading, deceptive, or fraudulent acts or practices in the making or collecting of a payday loan; (ii) require a lender, when collecting or attempting to collect a payday loan when the check given as security for such loan is dishonored, to comply with certain restrictions and prohibitions contained in the Fair Debt Collection Practices Act ; (iii) provide that any provision of a written loan agreement that violates the Payday Loan Act is unenforceable against the borrower; (iv) state that the provisions of the Payday Loan Act apply to Internet lenders; and (vi) allow licensees to secure payday loans with the borrower's electronic debit authorization.</p>
	<p>H.B. 2819 Requires licensed payday lenders to place a signboard at each licensed payday lending location on which not-for-profit charitable organizations that are willing to make unsecured loans of up to \$500 may post a notice advising persons about their alternative to payday loans. In addition, licensed payday lenders are required to allow financial institutions to place brochures or pamphlets regarding alternative loan programs within payday lending locations.</p>
	<p>S.B. 1014 <i>Failed to pass Senate 2/24/07</i> Requires the State Corporation Commission, by July 1, 2008, to certify and contract with one or more third parties to develop, implement, and maintain an Internet-accessible database, and requires payday lenders to query the database prior to making any loan to determine whether an applicant is eligible for the loan. Fifty cents may be charged to defray the costs of using the database. A payday lender is prohibited from making a payday loan to a person who has terminated a payday loan on the loan application date, or if the loan would cause the borrower to have more than three payday loans outstanding at the same time. Payday lenders are prohibited from knowingly making loans to a member of the military service or to the spouse of such person. If a borrower obtains three or more consecutive payday loans, the borrower may enter into an extended payment plan, which allows the borrower to repay the loan in at least two equal installments over 60 days. The installments may be secured by three checks written by the borrower. Other provisions (i) prohibit a lender from engaging in any unfair, misleading, deceptive, or fraudulent acts or practices in the making or collecting of a payday loan; (ii) require a lender, when collecting or attempting to collect a payday loan when the check given as security for such loan is dishonored, to comply with certain restrictions and prohibitions contained in the Fair Debt Collection Practices Act ; (iii) provide that any</p>

	provision of a written loan agreement that violates the Payday Loan Act is unenforceable against the borrower; (iv) state that the provisions of the Payday Loan Act apply to Internet lenders; and (vi) allow licensees to secure payday loans with the borrower's electronic debit authorization.
	S.B. 1320 Repeals the Payday Loan Act.
	S.B. 1326 Repeals the Payday Loan Act effective January 1, 2009.
Washington	H.B. 1020 Finds that consumers should be able to access loans at reasonable rates; no one should have to pay usurious interest rates. Paying the interest rates associated with payday loans can cause a borrower to need a loan to pay off their loan. By turning to payday loans again and again, the borrower can become trapped in a debt cycle. Declares that the director of the department of financial institutions must ensure compliance with laws prohibiting rollovers by thorough and regular examinations and investigations. Violations of the prohibition on rollovers or other consumer protections by a licensee in chapter 31.45 RCW must be followed by timely and appropriate disciplinary actions. Requires the director of the department of financial institutions to study the merits of implementing a real-time database that allows licensees to verify if a consumer has an outstanding small loan. The director shall study the cost of a database and the effectiveness of a database in limiting the possibility of an excessive number of contemporaneous loans. The director must provide the findings of this study to the committees of the legislature that address financial regulation no later than November 30, 2007. The director may include recommendations based upon the study.
	H.B. 1021 Finds that consumers should be able to access loans at reasonable rates; no one should have to pay usurious interest rates. Paying the interest rates associated with payday loans can cause a borrower to need a loan to pay off their loan. By turning to payday loans again and again, the borrower can become trapped in a debt cycle. Declares that the director of the department of financial institutions must ensure compliance with laws prohibiting rollovers by thorough and regular examinations and investigations. Violations of the prohibition on rollovers or other consumer protections by a licensee in chapter 31.45 RCW must be followed by timely and appropriate disciplinary actions. Provides that military borrowers, as defined in RCW 31.45.210(3), must be offered the payment plan option terms and conditions in RCW 31.45.210(2). Requires that a licensee shall: (1) When collecting any delinquent small loan, not garnish any wages or salary paid for service in the armed forces; (2) Defer any payments on a small loan that was taken out prior to deployment by a military borrower who has been deployed to a combat or combat support posting until 30 days after the duration of the posting. A licensee shall not charge a fee or accrue interest on a small loan while the payments are deferred; (3) Defer until 30 days after the duration of the posting all collection activity against a military borrower who has been deployed to a combat or combat support posting; (4) Not contact, or threaten to contact, either orally or in writing, the military chain of command of a military borrower in an effort to collect a delinquent small loan; (5) Not communicate with a military borrower in such a manner as to harass, intimidate, threaten, or embarrass the military borrower, including but not limited to communication at an unreasonable hour, with unreasonable frequency, by threats of force or violence, by threats of criminal prosecution, and by use of offensive language. Requires the director of the department of financial institutions to study the merits of implementing a real-time database that allows licensees to verify if a consumer has an outstanding small loan. The director shall study the cost of a database and the effectiveness of a database in limiting the possibility of an excessive number of contemporaneous loans. The director must provide the findings of this study to the committees of the legislature that address financial regulation no later than November 30, 2007. The director may include recommendations based upon the study.
	H.B. 1817 Provides that a borrower may convert the unpaid principal and fee authorized by RCW 31.45.082 into a no additional cost payment plan. Except as authorized by this act, the licensee may not assess any additional charge to convert a loan into a no additional cost payment plan under this subsection. A licensee is only obligated to extend to each borrower one no additional cost payment plan during any twelve-month period of time. A new 12-month period begins on the date that any prior no additional cost payment plan is paid in full. Provides that, to convert a small loan into a payment plan under this act, a borrower must return to the licensee's point of sale location and request a payment plan no later than the close of business on the business day prior to the due date of the loan.
	H.B. 2314 Establishes the short-term cash advance loan program.
	S.B. 5705 Declares that evidence showing that the establishment robbed was a financial institution is not required when

	"bank," "savings and loan," "trust," "payday," or "credit union" appears in the name of the establishment.
West Virginia	H.B. 2237 Relates to the use of checks, bank account debit authorizations or share drafts as security for loans or cash advances made for personal, family or household purposes.
	H.B. 2495 Relates to the use of checks, bank account debit authorizations or share drafts as security for loans or cash advances made for personal, family or household purposes.
	H.B. 2820 Regulates deferred deposit loans by establishing the Deferred Deposit Loan Act.
	S.B. 28 Relates to the use of checks, bank account debit authorizations or share drafts as security for loans or cash advances made for personal, family or household purposes.
Wisconsin	A.B. 4 Creates a maximum finance charge for payday loans. Under the bill, a lender, other than a bank, savings bank, savings and loan association, or credit union, who makes payday loans in the regular course of business, which the bill defines as a "payday loan provider," may not assess a finance charge that exceeds two percent per month. In addition, a payday loan provider must obtain the license described above. Also, the bill requires the division to enforce the bill's prohibition.
Wyoming	H.B. 86 Relates to the Uniform Consumer Credit Code; provides for a limit on the amount of post-dated check financing; provides for the suspension of post-dated check casher's license; provides an appropriation; authorizes an additional position.

[Banking and Financial Services](#)

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