

HB 1393 -- 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) Allows a lender to renew a loan once, instead of the current six times;
- (2) Prohibits a borrower from having more than \$500 in outstanding loans at one time;
- (3) Prohibits a lender from making a loan to a borrower who has one outstanding loan or until the next business day after the borrower has paid or otherwise satisfied in full a previous payday loan;
- (4) 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 through the duration of the loan;
- (5) Specifies that the lender's sole and exclusive remedy against a borrower who delivers a check that is not honored in relation to the 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
- (6) 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.