

HB 359 -- Payday Loan Protection Act

Sponsor: Leara

This bill establishes the Payday Loan Protection Act regarding unsecured loans of \$500 or less, commonly known as payday loans. In its main provisions, the bill:

(1) Requires a lender to provide disclosure of the annual percentage rate, finance charges, amount financed, and payment totals;

(2) Requires a lender to allow a borrower to repay the full amount of the loan in one payment on the date the payment is due or to allow the borrower to repay the loan in four separate payments in which the principal amount of the loan is reduced by 25% upon each payment;

(3) Allows a lender to charge and receive interest at a simple annual rate not to exceed 18% and not to exceed \$80 on each loan. Currently, a lender cannot charge an amount of accumulated interest and fees in excess of 75% of the initial loan amount for the entire term of the loan and for all renewals; and

(4) Allows a lender to charge origination and documentation fees on each loan and specifies that any fee charged on a returned check must not be considered a fee or charge for the purposes of this provision.