Regular Session, 2012

HOUSE BILL NO. 424

## BY REPRESENTATIVE WESLEY BISHOP

## CREDIT/CONSUMER LOANS: Provides for changes to interest rates on deferred presentments and small loans

1	AN ACT
2	To amend and reenact R.S. 9:3578.4(A), relative to interest rates on deferred presentments
3	and small loans; to decrease the maximum interest rate on deferred presentments and
4	small loans; to repeal the delinquent interest rates for deferred presentments and
5	small loans; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 9:3578.4(A) is hereby amended and reenacted to read as follows:
8	§3578.4. Finance charge and fees
9	A.(1) In conjunction with a deferred presentment transaction or small loan,
10	a licensee may charge a fee not to exceed sixteen and seventy-five one hundredths
11	fifteen percent of the face amount of the check issued or in the case of a small loan,
12	the equivalent rate of interest, provided however that such fee or interest does not
13	exceed forty-five dollars, regardless of the name or type of charge.
14	(2) However, if the loan remains unpaid at contractual maturity, the licensee
15	may charge one of the following:
16	(a) An amount equal to the rate of thirty-six percent per annum for a period
17	not to exceed one year and beginning one year after contractual maturity, the rate
18	shall not exceed eighteen percent per annum.

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(b) A <u>a</u> one-time delinquency charge as authorized in R.S. 9:3527(A)(1).

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## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Wesley Bishop

HB No. 424

Abstract: Decreases the maximum interest rate on deferred presentments and small loans and repeals the delinquent interest rates for deferred presentments and small loans.

<u>Present law</u> provides that in conjunction with a deferred presentment or small loan, a lender may charge a fee not to exceed 16.75% of the face amount of the check issued or, in the case of a small loan, the equivalent rate of interest, provided however that such fee or interest does not exceed \$45.

Proposed law decreases the maximum interest rate from 16.75% to 15%.

<u>Present law</u> provides that, if the loan remains unpaid at contractual maturity, the lender may charge one of the following:

- (1) An amount equal to the rate of 36% per annum for a period not to exceed one year and beginning one year after contractual maturity, a rate not to exceed 18% per annum.
- (2) A one-time delinquency charge of 5% of the unpaid amount of the delinquent installment, or \$10, whichever is greater.

<u>Proposed law</u> provides that, if the loan remains unpaid at contractual maturity, the lender may charge a one-time delinquency charge of 5% of the unpaid amount of the delinquent installment, or \$10, whichever is greater. <u>Proposed law</u> repeals the authority to charge a delinquent interest rate of 36% for deferred presentments and small loans.

(Amends R.S. 9:3578.4(A))