

Committee on Banking and Insurance

SB 546 — Consumer Finance Loans

by Senator Gruters

The bill prohibits prepayment penalties for consumer finance loans.

The bill also authorizes an applicant for licensure as a consumer finance lender or a licensee to provide a surety bond, certificate of deposit, or letter of credit issued by a financial institution in the amount of \$25,000, in lieu of the current \$25,000 liquid asset requirement. Consumer finance lenders with at least one licensed location must provide a rider, surety bond, certificate of deposit, or letter of credit issued by a financial institution in the amount of \$5,000 for each additional license, not to exceed an aggregate amount of \$100,000. The applicant must file the surety bond, certificate of deposit, or letter of credit with the Office of Financial Regulation (OFR), name the OFR as beneficiary, and ensure instrument is payable on a pro rata basis. The licensee must furnish additional instruments, or an endorsement from the company that issued the original instrument, to restore the required principal amount in the event the licensee's surety bond, certificate of deposit, or letter of credit is reduced below statutory requirements during the licensee's activity.

If approved by the Governor, these provisions take effect October 1, 2022.

Vote: Senate 39-0; House 113-0