

By Representatives Effman and Lippman

1 A bill to be entitled
2 An act relating to finance charge interest
3 rates; amending s. 516.031, F.S.; revising the
4 schedule for imposing rates of interest on
5 certain loan amounts; providing an effective
6 date.

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8 Be It Enacted by the Legislature of the State of Florida:

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10 Section 1. Subsection (1) of section 516.031, Florida
11 Statutes, is amended to read:

12 516.031 Finance charge; maximum rates.--

13 (1) INTEREST RATES.--Every licensee may lend any sum
14 of money not exceeding \$25,000. A licensee may not take a
15 security interest secured by land on any loan less than
16 \$1,000. The licensee may charge, contract for, and receive
17 thereon interest charges as provided and authorized by this
18 section. The maximum interest rate shall be 30 percent per
19 annum, computed on the first \$2,000~~\$1,000~~ of the principal
20 amount as computed from time to time; 24 percent per annum on
21 that part of the principal amount as computed from time to
22 time exceeding \$2,000~~\$1,000~~ and not exceeding \$3,000 ~~\$2,000~~;
23 and 18 percent per annum on that part of the principal amount
24 as computed from time to time exceeding \$3,000~~\$2,000~~ and not
25 exceeding \$25,000. The original principal amount as used in
26 this section shall be the same amount as the amount financed
27 as defined by the federal Truth in Lending Act and Regulation
28 Z of the Board of Governors of the Federal Reserve System. In
29 determining compliance with the statutory maximum interest and
30 finance charges set forth herein, the computations utilized
31 shall be simple interest and not add-on interest or any other

1 computations. When two or more interest rates are to be
2 applied to the principal amount of a loan, the licensee may
3 charge, contract for, and receive interest at that single
4 annual percentage rate which if applied according to the
5 actuarial method to each of the scheduled periodic balances of
6 principal would produce at maturity the same total amount of
7 interest as would result from the application of the two or
8 more rates otherwise permitted, based upon the assumption that
9 all payments are made as agreed.

10 Section 2. This act shall take effect October 1, 1997.

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13 HOUSE SUMMARY

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15 Revises the schedule for imposing interest rates on
16 consumer finance loans of less than \$25,000. See bill for
17 details.

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