

By Senator Atwater

25-1654-06

1 A bill to be entitled

2 An act relating to installment loans; creating

3 s. 516.033, F.S.; authorizing a licensee under

4 the Florida Consumer Finance Act to impose an

5 acquisition charge and a handling charge for

6 installment loans of a specified amount or

7 less; providing certain limitations on the

8 amount of the handling charge; requiring that a

9 portion of the handling charge be refunded or

10 credited to the borrower if the loan is prepaid

11 in full; providing a method for calculating the

12 refund; authorizing the licensee to impose a

13 charge for delinquent payments and returned

14 checks; limiting the number of installment

15 loans made to the same borrower; providing an

16 effective date.

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

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20 Section 1. Section 516.033, Florida Statutes, is

21 created to read:

22 516.033 Alternative rates for installment loans not

23 exceeding \$1,000.--

24 (1) Notwithstanding any other provisions of this

25 chapter, a licensee may make an installment loan with a cash

26 advance which does not exceed \$1,000 if the acquisition charge

27 for making the loan does not exceed 10 percent of the amount

28 financed and the handling charge does not exceed:

29 (a) Twelve dollars for a loan with a cash advance of

30 \$100 or more but less than \$300.

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1 (b) Fourteen dollars for a loan with a cash advance of
2 \$300 or more but less than \$400.

3 (c) Sixteen dollars for a loan with a cash advance of
4 \$400 or more but less than \$500.

5 (d) Seventeen dollars for a loan with a cash advance
6 of \$500 or more but less than \$600.

7 (e) Twenty dollars for a loan with a cash advance of
8 \$600 or more but not more than \$1,000.

9 (2) The minimum term for an installment loan made
10 under this section is 3 months and the maximum term is 12
11 months.

12 (3) If a loan made under this section is prepaid in
13 full, including payment in cash or by making a new loan or
14 renewing the original loan, or if the licensee demands that
15 the unpaid balance be paid in full, the licensee shall refund
16 or credit to the borrower a portion of the handling charge for
17 the loan, which must be determined by a schedule prepared
18 under the rule of seventy-eights or by using the
19 sum-of-the-digits method. The amount of the refund or credit
20 must be as great a proportion of the total charges originally
21 contracted for as the amount of the periodic balance scheduled
22 to follow the date of prepayment bears to the sum of all the
23 periodic balances of the contract, both sums to be determined
24 according to the original payment schedule.

25 (4) An insurance charge or other charge may not be
26 imposed on an installment loan authorized under this section.
27 However, a licensee may impose:

28 (a) A charge of \$10 on any installment that is not
29 paid within 10 days after the date it is due.

30 (b) A charge for a returned check as authorized under
31 s. 516.031(3)(b).

1 (5) The loan charges authorized under this section may
2 not be imposed on a loan to a borrower who has one or more
3 loans outstanding under this chapter with the same licensee or
4 with an affiliate of the licensee, except that a licensee may
5 make a loan having the charges authorized under this section
6 for the purpose of paying off the balance due under any other
7 loan or loans made by the licensee or its affiliate if the
8 aggregate payoff balance of the loan or loans does not exceed
9 \$1,000. The acquisition through a bulk transaction by a
10 licensee or an affiliate of a licensee of one or more loans
11 made under this chapter to a borrower who, at the time of the
12 acquisition, has a loan under this section from the acquiring
13 licensee or its affiliate is not a violation of this
14 subsection.

15 (6) Each installment loan made under this section must
16 provide for repayment in substantially equal monthly
17 installments. A loan made under this section may not be
18 prepaid by a loan from the same licensee or an affiliate of
19 the same licensee who made the initial loan until at least 61
20 days after the date of the initial loan.

21 Section 2. This act shall take effect July 1, 2006.

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24 SENATE SUMMARY

25 Authorizes a licensee under the Florida Consumer Finance
26 Act to impose an acquisition charge and a handling charge
27 for installment loans of less than \$1,000. Specifies the
28 amount of the handling charge based on the amount of the
29 loan. Provides that a portion of the handling charge be
30 refunded or credited to the borrower if the loan is
31 prepaid in full. Authorizes the licensee to impose a
 charge for delinquent payments and returned checks.
 Limits the number of installment loans made to the same
 borrower.