

By Senator Richter

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1 A bill to be entitled
2 An act relating to consumer loans; amending s.
3 516.031, F.S.; providing terms for certain consumer
4 loans made by licensees; specifying authorized amounts
5 of certain fees and charges; authorizing a borrower to
6 rescind an installment loan within a specified period;
7 requiring the licensee to refund or credit the
8 borrower certain charges under specified conditions;
9 amending s. 516.07, F.S.; prohibiting a licensee from
10 making payments to a person as a reward for referring
11 loan applications to the licensee under certain
12 circumstances; providing an effective date.

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

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

18 516.031 Finance charge; maximum rates.—

19 (1) INTEREST RATES.—

20 (a) A licensee may lend any sum of money up to \$25,000. A
21 licensee may not take a security interest secured by land on any
22 loan less than \$1,000. The licensee may charge, contract for,
23 and receive thereon interest charges as provided and authorized
24 by this section. The maximum interest rate shall be 30 percent
25 per annum, computed on the first \$3,000 of the principal amount;
26 24 percent per annum on that part of the principal amount
27 exceeding \$3,000 and up to \$4,000; and 18 percent per annum on
28 that part of the principal amount exceeding \$4,000 and up to
29 \$25,000. The original principal amount as used in this section

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30 is the same as the amount financed as defined by the federal
31 Truth in Lending Act and Regulation Z of the Board of Governors
32 of the Federal Reserve System. In determining compliance with
33 the statutory maximum interest and finance charges set forth
34 herein, the computations used shall be simple interest and not
35 add-on interest or any other computations. If two or more
36 interest rates are applied to the principal amount of a loan,
37 the licensee may charge, contract for, and receive interest at
38 that single annual percentage rate which, if applied according
39 to the actuarial method to each of the scheduled periodic
40 balances of principal, would produce at maturity the same total
41 amount of interest as would result from the application of the
42 two or more rates otherwise permitted, based upon the assumption
43 that all payments are made as agreed.

44 (b) As an alternative to charging the rates set forth in
45 paragraph (a), a licensee may provide a consumer installment
46 loan of not less than \$300 or more than \$2,000 for a loan term
47 that is not less than 6 months or more than 24 months where the
48 licensee may charge:

49 1. A one-time processing fee not to exceed the lesser of 10
50 percent of the amount financed or \$150; and

51 2. An installment loan handling charge that does not
52 exceed:

53 a. Five dollars per \$100 of the amount financed per month
54 on an installment loan for loan amounts of at least \$300 but not
55 more than \$500; or

56 b. Four dollars per \$100 of the amount financed per month
57 on an installment loan for loan amounts of more than \$500 but
58 not more than \$2,000.

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59 (c) No further charges are authorized in connection with an
60 installment loan made pursuant to paragraph (b), except:

61 1. Actual and reasonable attorney fees and court costs as
62 determined by the court in which suit is filed.

63 2. A delinquency charge of up to \$15 for each payment that
64 is in default for 10 days or more if the charge is agreed upon
65 in writing between the parties at time the loan is made.

66 3. A bad check charge as set forth in paragraph (3)(b).

67 (d) A borrower may rescind an installment loan made under
68 paragraph (b) by returning the amount of the loan to the
69 licensee no later than the end of the 5th business day after the
70 day on which the loan was made. Upon such return, the licensee
71 shall promptly cancel the processing fee and the installment
72 loan handling charge.

73 (e) If the outstanding balance of an installment loan made
74 pursuant to paragraph (b) is paid in full with cash, a new loan,
75 or renewal of the existing loan at least 30 days before the date
76 that the final installment is due, the licensee shall refund or
77 credit to the borrower the unearned portion of any installment
78 loan handling charge made in connection with the loan. The
79 refund or credit shall be calculated according to the actuarial
80 method from the date of the loan until the date the loan is paid
81 in full.

82 Section 2. Paragraph (k) of subsection (1) of section
83 516.07, Florida Statutes, is amended to read:

84 516.07 Grounds for denial of license or for disciplinary
85 action.—

86 (1) The following acts are violations of this chapter and
87 constitute grounds for denial of an application for a license to

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88 make consumer finance loans and grounds for any of the
89 disciplinary actions specified in subsection (2):

90 (k) Paying money or anything else of value, directly or
91 indirectly, to any person as compensation, inducement, or reward
92 for referring loan applicants to a licensee if such amount is
93 charged directly or indirectly to the borrower.

94 Section 3. This act shall take effect July 1, 2015.