HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 857 Deferred Presentment Transactions
SPONSOR(S): Insurance and Banking Subcommittee; Grant; Cruz and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 920

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	15 Y, 0 N, As CS	Hinshelwood	Luczynski
2) Government Operations & Technology Appropriations Subcommittee	9 Y, 2 N	Helpling	Topp
3) Commerce Committee			

SUMMARY ANALYSIS

Florida law currently authorizes deferred presentment transactions, also known as payday loans, for a maximum loan amount of $500 (exclusive of fees), a term of at least seven days to a maximum of 31 days, and fees of up to 10 percent of the loan amount plus up to a $5 verification fee. Deferred presentment transactions in Florida will be affected by the federal Consumer Financial Protection Bureau's (CFPB) rule governing payday, vehicle title, and certain high-cost installment loans because they would fall under the rule's definition of a "covered short-term loan." Effective August 19, 2019, deferred presentment providers will have to comply with the underwriting requirements of the rule or conform their business practices to meet the exemption to underwriting.

The bill authorizes deferred presentment installment transactions that have a maximum loan amount of $1,000 (exclusive of fees) and a term of at least 60 days to a maximum of 90 days. The permissible fees are (1) up to $5 for a verification fee, and (2) up to eight percent of the outstanding transaction balance on a biweekly basis, which must be earned according to a simple interest calculation and may not be applied to the verification fee. Prepayment penalties are prohibited. A deferred presentment installment transaction must be fully amortizing and repayable in installments as nearly equal as mathematically practicable. The time between installment payments must generally be at least 13 days but not greater than one calendar month. The provider of a deferred presentment installment transaction must provide one opportunity for the borrower to defer a scheduled payment for no additional fee or charge. The deferred payment is due after the last scheduled installment payment, at an interval, which is no shorter than the intervals between the originally scheduled payments.

The bill retains current law that a provider may not enter into a deferred presentment transaction with any person who has an outstanding deferred presentment transaction or whose previous transaction has been terminated for less than 24 hours. In order to enforce this restriction, the Office of Financial Regulation (OFR) currently maintains a database against which a deferred presentment provider must verify each transaction before entering into the deferred presentment agreement.

Deferred presentment transactions made pursuant to the bill would be exempt from the underwriting requirement of the CFPB rule because such loans would fall under the rule's definition of a "covered longer-term loan." However, deferred presentment transactions made pursuant to the bill would still be required to comply with provisions of the rule relating to payment practices, record retention, and compliance requirements.

The bill likely has a positive, indeterminate, fiscal impact on state revenues. The OFR indicates that it would likely need to procure a new contract to administer the deferred presentment transaction database. The bill has no impact on local governments. The bill has an indeterminate fiscal impact on the private sector.

The bill provides an effective date of July 1, 2019.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background: Florida Law on Deferred Presentment Transactions (Payday Loans)

A deferred presentment transaction means providing currency or a payment instrument in exchange for a drawer's (borrower's) check and agreeing to hold the check for a number of days until depositing, presenting, or redeeming the payment instrument.[1] The transactions are commonly referred to as "payday loans." These transactions are governed by part IV of ch. 560, F.S. The only persons who may engage in deferred presentment transactions are financial institutions as defined in s. 655.005, F.S.,[2] and money services business licensed under part II[3] or part III[4] of ch. 560, F.S.

Florida law contains provisions designed to prevent consumers from being caught in a "debt trap" wherein the consumer has to continuously enter into lending transactions to pay off the principal and fees from previous transactions. The face amount of a check taken for deferred presentment may not exceed $500, exclusive of fees.[5] Fees may not exceed 10 percent of payment provided to the drawer plus up to a $5 verification fee.[6] The term of a deferred presentment agreement may not be less than seven days or greater than 31 days.[7] A deferred presentment provider may not enter into a deferred presentment transaction with a drawer who has an outstanding deferred presentment transaction with any provider or within 24 hours of the termination of a previous transaction.[8] In order to enforce this restriction, the OFR maintains a database against which a deferred presentment provider must verify each transaction before entering into the deferred presentment agreement.[9] A deferred presentment provider also may not engage in the rollover of a deferred presentment agreement and may not redeem, extend, or otherwise consolidate a deferred presentment agreement with the proceeds of another deferred presentment transaction made by it or an affiliate.[10]

If the drawer, by the end of the deferment period, informs the deferred presentment provider in person that the drawer cannot redeem or pay in full in cash the amount due, the drawer must be given a grace period that extends the term of the agreement for 60 additional days.[11] As a condition of receiving the grace period, the drawer must make an appointment with a consumer credit counseling agency within seven days after the end of the deferment period and complete counseling by the end of the grace period.

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[1] s. 560.402(2), (3), F.S.
[2] Section 655.005, F.S., defines a "financial institution" to mean a state or federal savings or thrift association, bank, savings back, trust company, international bank agency, international banking corporation, international branch, international representative office, international administrative office, international trust entity, international trust company representative office, qualified limited service affiliate, credit union, or an agreement corporation operating pursuant to s. 25 of the Federal Reserve Act, 12 U.S.C. ss. 601 et seq. or Edge Act corporation organized pursuant to s. 25(a) of the Federal Reserve Act, 12 U.S.C. ss. 611 et Seq.
[3] Licensure as a money transmitter. A money transmitter is defined by s. 560.103(23), F.S., as a corporation, limited liability company, limited liability partnership, or foreign entity qualified to do business in this state which receives currency, monetary value, or payment instruments for the purpose of transmitting the same by any means, including transmission by wire, facsimile, electronic transfer, courier, the Internet, or through bill payment services or other businesses that facilitate such transfer within this country, or to or from this country. Money transmitters may engage in check cashing under part III of ch. 560, F.S.
[4] Licensure as a check casher. Section 560.103(6), F.S., defines a "check casher" to mean a person who sells currency in exchange for payment instruments received, except travelers checks.
[5] s. 560.404(5), F.S.
[6] s. 560.404(6), F.S.
[7] s. 560.404(8), F.S.
[8] s. 560.404(19), F.S.
[9] s. 560.404(19)(a), (23), F.S.
[10] s. 560.404(18), F.S.
[11] s. 560.404(22), F.S.

The deferred presentment provider may not include in the agreement a hold harmless clause, a confession of judgment clause, an assignment of or order for payment of wages or other compensation for services, or a provision in which the drawer waives any claim or defense arising out of the agreement or any provision of part IV, ch. 560, F.S.[12] The deferred presentment provider must comply with state and federal disclosure requirements.[13]

As of June 30, 2017, there were 923 licensed locations in Florida that engage in deferred presentment transactions.[14] Between July 2016 and June 2017, approximately 7.7 million deferred presentment transactions were conducted in Florida, representing a total advance amount of $3.09 billion with total advance fees of $306 million.[15] The average transaction from July 2016 to June 2017 was $400.77 and the average transaction fee was 9.9 percent of the advance plus an average verification fee of $3.09.[16] Of all consumers who entered into a deferred presentment transaction from July 2016 to June 2017, 31.8 percent engaged in one to three transactions, 30.7 percent engaged in four to nine transactions, and 37.6 percent engaged in ten or more transactions.[17] The loan loss rate is 1.8 percent of total transactions representing a total outstanding advance amount of approximately $50.4 million.[18] Grace periods were used for approximately 0.71 percent of transactions from July 2016 to June 2017.[19]

Background: Bureau of Consumer Financial Protection Rule Governing Payday, Vehicle Title, and Certain High-Cost Installment Loans

On November 17, 2017, the Bureau of Consumer Financial Protection (CFPB) published in the Federal Register a final rule governing payday, vehicle title, and certain high-cost installment loans.[20] The CFPB has stated that the rule is aimed at stopping payday debt traps by requiring lenders to determine upfront whether consumers have the ability to repay their loans.[21] Lender compliance with the relevant portions of the rule is required by August 19, 2019.[22] The key provisions of the rule are as follows:[23]

The Lender Must Determine the Consumer's Ability to Repay

The rule makes it an unfair and abusive practice for a lender to make covered short-term[24] or longer-term balloon-payment loans,[25] including payday and vehicle title loans, without reasonably determining

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[12] s. 560.404(10), F.S.
[13] s. 560.404(13), (20), F.S.
[14] Veritec Solutions, *Florida Trends in Deferred Presentment – State of Florida Deferred Presentment Program Through June 2017*, June 2017, at 4.
[15] *Id.* at 5.
[16] *Id.*at 6 and 16.
[17] *Id.* at 10.
[18] *Id.* at 14.
[19] *Id.* at 15.
[20] Payday, Vehicle Title, and Certain High-Cost Installment Loans, 82 Fed. Reg. 54472 (Nov. 17, 2017) (to be codified at 12 C.F.R. pt. 1041), available at https://www.federalregister.gov/documents/2017/11/17/2017-21808/payday-vehicle-title-and-certain-high-cost-installment-loans.
[21] Bureau of Consumer Financial Protection, *CFPB Finalizes Rule to Stop Payday Debt Traps* (Oct. 5, 2017), https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-stop-payday-debt-traps (last visited Jan. 13, 2018).
[22] Payday, Vehicle Title, and Certain High-Cost Installment Loans, *supra* note 20, at 54814.
[23] The summary of key provisions of the CFPB rule is taken from 82 Fed. Reg. 54472 at pages 54472-54474, unless otherwise indicated.
[24] A "covered short-term loan" includes closed-end credit that does not provide for multiple advances to consumers, wherein the consumer is required to repay substantially the entire amount of the loan within 45 days of consummation. 12 C.F.R. §§ 1041.2(a)(10) and 1041.3(b)(1).
[25] A "covered longer-term balloon-payment loan" includes closed-end credit that does not provide for multiple advances to consumers, wherein the consumer is required to repay substantially the entire balance of the loan in a single payment more than 45 days after consummation or to repay such loan through at least one payment that is more than twice as large as any other payment(s). 12 C.F.R. §§ 1041.2(a)(7) and 1041.3(b)(2).

that consumer have the ability to repay the loans according to their terms. The ability to repay standard loans requires a reasonable determination by the lender that the consumer would be able to make loan payments and also meet the consumer's basic living expenses and other major financial obligations without needing to re-borrow over the ensuing 30 days. The lender must:

- Verify the consumer's net monthly income using a reliable record of income payment, unless a reliable record is not reasonably available;
- Verify the consumer's monthly debt obligations using a national consumer report and a consumer report from a registered information system[26] as defined by the rule;
- Verify the consumer's monthly housing costs using a national consumer report if possible, or otherwise rely on the consumer's written statement of monthly housing expenses;
- Forecast a reasonable amount for basic living expenses, other than debt obligations and housing costs; and
- Determine the consumer's ability to repay the loan based on the lender's projections of the consumer's residual income or debt-to-income ratio.

If a consumer has already taken out three covered short-term or longer-term balloon-payment loans within 30 days of each other, a lender is prohibited from making a covered short-term loan to such consumer for 30 days after the third loan is no longer outstanding.

The rule exempts certain loans from the underwriting criteria prescribed in the rule if they have specific consumer protections. Under the exemption, the loan must satisfy certain prescribed terms; the lender must confirm that the consumer meets specified borrowing history conditions; and the lender must provide required disclosures to the consumer. Among other conditions, under this alternative approach, a lender may make up to three covered short-term loans in short succession, provided that the first loan has a principal amount no larger than $500, the second loan has a principal amount at least one-third smaller than the principal amount on the first loan, and the third loan has a principal amount at least two-thirds smaller than the principal amount on the first loan. A lender may not make a covered short-term loan under the exemption if it would result in the consumer having more than six covered short-term loans during a consecutive 12-month period or being in debt for more than 90 days on covered short-term loans during a consecutive 12-month period.

Payment Practices

The rule makes it an unfair and abusive practice for a lender to attempt to withdraw payment from consumers' accounts after two consecutive failed payments, unless the consumer provides a new, specific authorization to do so. This applies to the same loan types as under the ability to repay requirement, and also applies to specified high-cost longer-term loans. Lenders must provide notices to consumers when the prohibition has been triggered and follow certain procedures in obtaining new authorizations.

Lenders must also provide written notice, depending on means of delivery, a certain number of days before its first attempt to withdraw payment for a covered loan from a consumer's checking, savings, or prepaid account. Notice is also required before the lender attempts to withdraw a payment in a different amount than the regularly scheduled payment amount, on a date other than the regularly scheduled payment date, by a different payment channel than the prior payment, or to re-initiate a returned prior transfer. The notice must contain specified information about the upcoming payment attempt and, if applicable, alert the consumer to unusual payment attempts. The notice may be provided electronically with the consumer's consent.

[26] The rule creates a process and eligibility criteria for entities to become a provisionally registered or registered information system. Payday, Vehicle Title, and Certain High-Cost Installment Loans, *supra* note 20, at 54473. The rule provides for a registration process that will allow information systems to be registered, and lenders to be ready to furnish required information, at the time the furnishing obligation in the rule takes effect. *Id.*

Lender Reporting, Record Retention, and Compliance Requirements

The rule requires lenders to furnish to registered information systems certain information concerning covered short-term and longer-term balloon-payment loans. Information must be submitted at loan consummation, during the period that the loan is outstanding, and when the loan ceases to be outstanding. The registered information systems will provide consumer reports that include a reasonably comprehensive record of a consumer's recent and current use of covered short-term and longer-term balloon-payment loans addressed by the rule. Before making such loans, a lender must obtain and consider a consumer report from a registered information system.

Lenders for all loans covered by the rule must also develop and follow written policies and procedures that are reasonably designed to ensure compliance with the rule. Lenders must also retain the loan agreement, documentation obtained for any covered loan, and electronic records regarding origination calculations and determinations, the type of loan, and the loan terms.

The CFPB rule provides the minimum consumer protections and allows State and local jurisdictions to adopt further regulatory measures to protect consumers.

Background: Effect of the CFPB Rule on Deferred Presentment Transactions Under Florida Law

Deferred presentment transactions in Florida will be affected by the rule because they would fall under the rule's definition of a "covered short-term loan."[27] Effective August 19, 2019,[28] deferred presentment providers will have to comply with the underwriting requirements of the rule or conform their business practices to meet the exemption to underwriting. Deferred presentment transactions made pursuant to the bill would be exempt from the underwriting requirement of the CFPB rule because such loans would fall under the rule's definition of a "covered longer-term loan."[29] However, deferred presentment transactions made pursuant to the bill would still be required to comply with provisions of the rule relating to payment practices, record retention, and compliance requirements, as described above.

Effect of Proposed Changes

The bill creates a new type of deferred presentment transaction that is repayable in installments and is called a "deferred presentment installment transaction." Neither the face amount of a check nor the outstanding transaction balance[30] may exceed $1,000, exclusive of permissible fees. The permissible fees are (1) up to $5 for a verification fee, and (2) up to eight percent of the outstanding transaction balance on a biweekly basis, which must be earned according to a simple interest calculation and may not be applied to the verification fee. Prepayment penalties are prohibited. The term of a deferred presentment installment transaction may not be fewer than 60 days or more than 90 days.

A deferred presentment installment transaction must be fully amortizing (i.e., the balance due will be entirely paid after the last payment is made) and repayable in consecutive installments[31] as nearly equal as mathematically practicable. The time between installment payments must be at least 13 days but not greater than one calendar month. However, the first installment period may be longer than the

[27] *See* definition of "covered short-term loan", *supra* note 24.
[28] On January 16, 2018, the CFPB released a statement saying that it "intends to engage in a rulemaking process so that the [CFPB] may reconsider the Payday Rule." Consumer Financial Protection Bureau, *CFPB Statement on Payday Rule*, (Jan. 16, 2018), available at https://www.consumerfinance.gov/about-us/newsroom/cfpb-statement-payday-rule/.
[29] A "covered longer-term loan" means that the loan is neither a "covered short-term loan" nor a "covered longer-term balloon-payment loan"; the cost of credit for the loan exceeds 36 percent per annum; and the lender or service provider obtains a leveraged payment mechanism (e.g., a check or automated clearing house authorization). 12 C.F.R. §§ 1041.2(a)(8) and 1041.3(b)(3).
[30] The bill defines "outstanding transaction balance" to mean "the amount received by the drawer from the deferred presentment provider that is due and owing, exclusive of fees allowed under this part, in a deferred presentment transaction."
[31] See the "DRAFTING ISSUES OR OTHER COMMENTS" section regarding a drafting error related to this provision.

remaining installment periods by not more than 15 days, and the first installment payment may be larger than the remaining installment payments by the amount of charges applicable to the extra days.

For deferred presentment installment transactions, the deferred presentment provider may accept more than one check, subject to the limitations on the outstanding transaction balance and the face amount of each check. Each check must bear the date that the check was given to the provider, and the deferred presentment agreement must include the deferment period applicable to each check. Since a deferred presentment installment transaction will involve the deferred presentment provider accepting more than one check, the bill makes clear that a termination of a deferred presentment agreement only occurs once all checks, not just one check, that are the basis for a deferred presentment agreement are redeemed or deposited.

If the drawer in a deferred presentment installment transaction informs the deferred presentment provider in writing or in person by noon[32] of the business day before a scheduled payment that the drawer cannot pay in full the scheduled payment, the provider must provide one opportunity to defer a scheduled payment for no additional fee or charge. The deferred payment is due after the last scheduled installment payment, at an interval, which is no shorter than the intervals between the originally scheduled payments. Thus, for a deferred presentment installment transaction in which payments are due once every two weeks, the deferred payment would be due at least two weeks after the final installment payment is due.

The bill amends the notice that must be prominently posted by the provider and included in the deferred presentment agreement such that it details the availability of a single deferred payment option for a deferred presentment installment transaction.

The bill retains current law in s. 560.404(19), F.S., that a provider may not enter into a deferred presentment transaction with any person who has an outstanding deferred presentment transaction or whose previous transaction has been terminated for less than 24 hours. Before the office has implemented a database to include deferred presentment installment transactions, the deferred presentment provider must access the OFR's current database pursuant to this paragraph and may rely upon the written verification of the drawer as provided in statute.

In order to pay for the deferred presentment transaction database in relation to deferred presentment installment transactions, the bill permits the Financial Services Commission to impose a fee on a deferred presentment provider up to $1 for each full or partial 30-day period that a balance is scheduled to be outstanding for a deferred presentment installment transaction.

Lastly, the bill makes technical corrections to current law such as changing the term “deferred deposit transaction” to “deferred presentment transaction” and changing the reference of “Regulation Z of the Board of Governors of the Federal Reserve Board” to “Regulation Z of the Bureau of Consumer Financial Protection.”

B. SECTION DIRECTORY:

Section 1. Amends s. 560.402, F.S., relating to definitions.

Section 2. Amends s. 560.404, F.S., relating to requirements for deferred presentment transactions.

Section 3. Amends s. 560.405, F.S., relating to deposit; redemption.

Section 4. Amends s. 560.111, F.S., relating to prohibited acts.

Section 5. Provides an effective date of July 1, 2019.

[32] The bill defines “noon” to mean “12:00 p.m. of the same time zone in which the deferred presentment agreement was entered into.”

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The OFR indicates that the bill may impact collected revenues that are assessed on the provider for deferred presentment transactions.[33] Currently, $1 is assessed for each deferred presentment transaction.[34] The office indicates that there may need to be rule modification to require $1 per month for each outstanding deferred presentment installment transaction, $2 for each 60-day term, and $3 for each 90-day term.[35] According to the office, $7,657,486 was collected in Fiscal Year 2016-17 for the current $1 transaction fee.[36]

Increasing the collected fees associated with deferred presentment transactions will likely increase state revenues. However, it is unknown how many deferred presentment installment transactions will result from the bill's passage, what the length of their terms will be, and what the decline will be in the number of current deferred presentment transactions. Therefore, the impact to state revenues is likely to be positive, but indeterminate.

2. Expenditures:

Currently, the OFR contracts with a vendor to host and maintain the existing deferred presentment provider transaction database.[37] Based on modifications of the loan product proposed in the bill, the OFR indicates that it would likely need to procure a new contract.[38] An increased appropriation may be required if current funding is insufficient to pay for a new contract.[39] It is unknown how much a newly procured contract would cost. Therefore, the impact to state expenditures is indeterminate, but likely an increase.

Below is the current appropriation and disbursements made by OFR for the current fiscal year and the previous three fiscal years to pay for the current deferred presentment provider transaction database contract.

Appropriation and Disbursements for Current Contract		
Fiscal Year	**Appropriation**	**Disbursement To Vendor**
2014-2015	2,930,000	2,437,027
2015-2016	2,930,000	2,747,303
2016-2017	2,930,000	2,786,499
2017-2018*	2,930,000	1,333,956

*Disbursements through January 23, 2018.

[33] Office of Financial Regulation, Agency Analysis of 2018 House Bill 857 (Dec. 28, 2017).
[34] *Id.*
[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*
[39] *Id.*

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   The bill does not appear to have an impact on local government revenues.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The impact to the private sector is indeterminate. Many deferred presentment providers assert that the CFPB rule on payday, vehicle title, and certain high-cost installment loans imposes additional costs and administrative burdens that will result in a reduction of the availability of deferred presentment transactions. Some consumer advocates assert that the CFPB rule provides necessary safeguards to prevent consumers from being caught in debt traps. The bill will reduce the cost of deferred presentment transactions to some consumers but will increase the cost to others. If the finance fee under current law were expressed as an annual percentage rate, assuming a $500 loan, it would be between 129.52 percent [40] and 573.57 percent.[41] Under the bill, the annual percentage rate would be 208 percent,[42] excluding the $5 verification fee. The annual percentage would be slightly adjusted by the amount charged for the verification fee.

Below are examples comparing the current loan product to the new loan product. The current product examples below assume a 14-day average for repayment of loans.[43] The examples also assume the maximum $5 verification fee allowed for each product.

Current Loan Product Compared to New Loan Product for $500 Loan			
	Current Loan Product	New Loan Product	New Loan Product
Fees (Interest and $5 Verification)	$55	$122.21	$175.56
Term (Days)	14	60	90
Payments	1	4	6
Total Payment	$555	$622.21	$675.56
Fees Per Day	$3.93	$2.04	$1.95
Current Loan Product Compared to New Loan Product for $1,000 Loan			
	Current Loan Product[44]	New Loan Product	New Loan Product
Fees (Interest & $5 Verification)	$110	$238.83	$345.11
Term (Days)	28	60	90
Payments	2	4	6
Total Payment	$1,110	$1,238.83	$1,345.11
Fees Per Day	$3.93	$3.98	$3.83

D. FISCAL COMMENTS:

None.

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[40] $55/$500 x 365 days/31 days x 100 = 129.52%
[41] $55/$500 x 365 days/7 days x 100 = 573.57%
[42] 8% x 26 = 208%
[43] For the purposes of calculating Annual Percentage Rates, 14 day hold periods are assumed by current loan providers as seen here: https://www.amscot.com/resources/APRschedule.pdf?
[44] For current loans, the borrower is limited to a maximum of $500. This example assumes the borrower has taken two $500 loans over two separate 14-day periods.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill provides the Financial Services Commission with rulemaking authority to impose a fee on a deferred presentment provider up to $1 for each full or partial 30-day period that a balance is scheduled to be outstanding for a deferred presentment installment transaction. The bill will also result in the OFR, through the Financial Services Commission, amending certain existing rules relating to deferred presentment transactions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill contains a drafting error in which the word “installments,” referring to the payment amount, was incorrectly amended to “installment periods,” referring to the time between each payment. The sponsor has indicated an intent to amend the bill to correct the drafting error.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 17, 2018, the Insurance and Banking Subcommittee considered one strike-all amendment, which was adopted, and reported the bill favorably as a committee substitute. The committee substitute:

- Defines the term “outstanding transaction balance,” which is a term the bill introduces to part IV of ch. 560, F.S.
- Adds portions of part IV of ch. 560, F.S., that should be amended to accommodate the new deferred presentment installment transaction product.
- Amends portions of the bill to make various technical and clarifying changes and to better accommodate the new deferred presentment installment transaction product.
- Provides a process by which the new deferred presentment installment transaction product could still be offered in the event that the OFR’s existing deferred presentment transaction database is not modified to accept this new product before the bill takes effect.
- Requires that deferred presentment installment transactions be repayable in installments that are “as nearly equal as mathematically practicable” rather than “substantially equal.”
- Amends the effective date of the bill in order to provide additional time for the OFR to engage in rulemaking and to modify the existing deferred presentment transaction database to accommodate deferred presentment installment transactions.
- Makes technical changes to current law.

The staff analysis has been updated to reflect the committee substitute.