

2022 -- H 7072

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LC003749
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- CHECK CASHING -- PAYDAY LOANS

Introduced By: Representatives J Lombardi, Cassar, Morales, and Batista

Date Introduced: January 12, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 19-14.4-5.1 of the General Laws in Chapter 19-14.4 entitled "Check
2 Cashing" is hereby amended to read as follows:

3 **19-14.4-5.1. Customer checks -- Deferred deposits.**

4 (a) A check casher may defer the deposit of a personal check written by a customer for a
5 term of no less than thirteen (13) days, pursuant to the provisions of this section. The face amount
6 of the check shall not exceed five hundred dollars (\$500).

7 (b) Each deferred deposit shall be made pursuant to a written agreement that has been
8 signed by the customer and by the check casher or an authorized representative of the check casher.
9 The written agreement shall contain a statement of the total amount of any fees charged for the
10 deferred deposit, expressed both in United States currency and as an annual percentage rate (APR),
11 as required by federal regulations. The written agreement shall authorize the check casher to defer
12 deposit of the personal check until a specific date no less than thirteen (13) days from the date the
13 written agreement was signed and executed. The written agreement shall not permit the check
14 casher to accept collateral.

15 (c) Notwithstanding any provision of the general laws to the contrary, all "payday loans",
16 "payday advances" or "deferred presentment loans", as defined in § 19-14-1:

17 (1) Shall have an annual percentage rate (APR) of no more than twenty-eight percent (28%)
18 per annum;

19 (2) Shall have a maturity date of more than ninety (90) days from the date on which the

1 loan closed;

2 (3) Shall not have fees and interest that exceeds sixty percent (60%) of the loan's original
3 principal; and

4 (4) Shall be repayable in monthly increments with each monthly payment being no more
5 than twenty-five percent (25%) of the loan's original principal.

6 ~~(e)~~(d) A rollover is an extension or deferral of the payment due date of a deferred deposit
7 transaction for the payment of only an additional fee.

8 ~~(d)~~(e) The maximum amount of a single customer's check is five hundred dollars (\$500).

9 ~~(e)~~(f) The maximum aggregate amount of concurrently outstanding checks held by the
10 licensee or its affiliate from the same customer is five hundred dollars (\$500).

11 ~~(f)~~(g) The maximum number of concurrently outstanding checks held by the licensee or its
12 affiliates from the same customer is three (3).

13 ~~(g)~~(h) The maximum number of rollovers permitted is one.

14 ~~(h)~~(i) The check casher shall give a duplicate original of the agreement to the customer at
15 the time of the transaction.

16 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- CHECK CASHING -- PAYDAY LOANS

1 This act would cap the annual percentage rate (APR) for payday loans to twenty-eight
2 percent (28%); require a maturity date of more than ninety days (90) from loan closing; prohibit
3 fees and interest payments of more than sixty percent (60%) of the principal loan amount; and
4 require that payments be made monthly, with each payment being no more than twenty-five percent
5 (25%) of the loan's original principal.

6 This act would take effect upon passage.

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