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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- LENDERS AND LOAN BROKERS

Introduced By: Senators Ciccone, Gallo, McCaffrey, and Goodwin

Date Introduced: June 21, 2017

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 19-14.1-2 and 19-14.1-5 of the General Laws in Chapter 19-14.1
2 entitled "Lenders and Loan Brokers" are hereby amended to read as follows:

3 **19-14.1-2. Maximum rate of interest.**

4 (a) Every lender may lend or loan broker may negotiate the lending of any sum of money
5 and may charge, contract for and receive points, fees, charges and interest on the unpaid balance
6 of the loan at a rate not to exceed that provided in § 6-26-2, or as otherwise permitted under
7 applicable ~~federal~~ law or regulation.

8 (b) Rebates of finance charges on precomputed loans, made for an original term of sixty
9 (60) months or less, may be calculated on the method commonly referred to as the rule of 78 or
10 sum of the digits. Rebates of finance charges on precomputed loans, made for an original term
11 greater than sixty (60) months, must be calculated on the simple interest method.

12 **19-14.1-5. Instrument evidencing loan, contents.**

13 (a) No loan document shall contain:

14 (1) Any acceleration clause under which any part or all of the unpaid balance of the
15 obligation not yet matured may be declared due and payable because the holder deems himself or
16 herself to be insecure;

17 (2) Any power of attorney to confess judgment or any other power of attorney except a
18 statutory power of sale;

19 (3) Any provision whereby the debtor waives any rights accruing to him or her under the

1 provisions of this title or any other law expressly prohibiting such waiver;

2 (4) Except for a change in the payment schedule as a result of the borrower's default or
3 delinquency, or pursuant to an agreement involving a court proceeding, any requirement that
4 more than one installment be payable in any one installment period; or

5 (5) Any assignment of or order for the payment of any salary, wages, commission or
6 other compensation for services, or any part thereof, earned or to be earned.

7 (b) If interest and fees are disclosed in accordance with 12 CFR Part 1026 and are agreed
8 to with a written instrument signed by the borrower and licensee, the licensee shall be in
9 compliance with the requirements of this section and the requirements of §§19-14.1-2 and 19-
10 14.2-12.

11 SECTION 2. Section 19-14.2-12 of the General Laws in Chapter 19-14.2 entitled "Small
12 Loan Lenders" is hereby amended to read as follows:

13 **19-14.2-12. Small loans -- No other charges -- Exception.**

14 In addition to the interest allowed in this chapter, no small loan licensee shall directly or
15 indirectly charge, contract for or receive any other charges except credit insurance, lawful filing
16 fees and insurance charges, and other fees listed in § 6-26-2(c) or §19-14.1-5(b), or as authorized
17 by regulation.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO FINANCIAL INSTITUTIONS -- LENDERS AND LOAN BROKERS

- 1 This act would permit a borrower and a licensee to agree to interest and fees charged by
- 2 the licensee if disclosure is made pursuant to 12 CFR Part 1026.
- 3 This act would take effect upon passage.

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