

2019 -- H 5105

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- PAYDAY LOANS

Introduced By: Representatives Lombardi, Hull, and Walsh

Date Introduced: January 10, 2019

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  
2 "Check 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  
9 casher. The written agreement shall contain a statement of the total amount of any fees charged  
10 for the deferred deposit, expressed both in United States currency and as an annual percentage  
11 rate (APR), as required by federal regulations. The written agreement shall authorize the check  
12 casher to defer deposit of the personal check until a specific date no less than thirteen (13) days  
13 from the date the written agreement was signed and executed. The written agreement shall not  
14 permit the check 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  
18 (28%) 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  
12 its 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 2. This act shall take effect upon passage.

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

6           This act would take effect upon passage.

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