

March 19, 2001

H 670. REFORM PAYDAY LENDING. TO REMOVE THE SUNSET FROM THE PROVISIONS OF THE CHECK CASHER ACT AUTHORIZING POSTDATED OR DELAYED DEPOSIT CHECKS AND TO CLARIFY THAT SUCH TRANSACTIONS ARE AN EXTENSION OF CREDIT AND TO PROVIDE ADDITIONAL CONSUMER PROTECTIONS. Removes sunset of Check Casher Act (now, expires 7/31/01). Makes it clear that advancing funds on security of a post-dated check constitutes an extension of credit. Requires lender in such a transaction to provide to customer an informational brochure prepared by Comm'r of Banks. Limits extension of credit to \$300. Prohibits splitting transactions to circumvent the limit. Sets 5% limit on fee for third (and subsequent) consecutive deferred deposit loan to the same customer. Amends worthless check statute (GS 14-107) to exclude checks drawn pursuant to deferred deposit loans, and prohibits lenders from using or threatening to use criminal process to collect loans in the absence of fraud by the customer. Authorizes Comm'r of Banks to suspend or revoke lender's license for failure to comply with request for assistance in resolving complaint. Effective Oct. 1, 2001.

Intro. by Harrington.

Ref. to Rules	GS 14, 53
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