

# Fast Facts

Prepared by Coalition of Religious Communities, A Multi-Faith Response to Poverty

Legislative Session 2007

## S.B.16: Lending Registration Acts Senator Ed Mayne

### Summary:

- ~ Clarifies the 24 hour right to rescind policy
- ~ Clarifies partial payment option
- ~ Removes twelve week rollover limit at borrower request
- ~ Establishes financial penalties
- ~ Clarifies timing of examinations

### Background of the Issue:

- ~ The Utah State Legislature passed initial legislation regulating the payday loan industry in 1999.
- ~ Among other things, this 1999 legislation required payday lenders to post their rates in Annual Percentage Rate format and the contact information for the Department of Financial Institutions, in case of problems or complaints.
- ~ Subsequent legislation established that a client has 24 hours to rescind without penalty, no coercive collection tactics may be used, partial payments must be accepted, and limited rollovers to a maximum of twelve weeks.

### For more information:

- Contact Linda at [linda@crossroads-u-c.org](mailto:linda@crossroads-u-c.org) or call CORC at 364-7765 or 1-888-747-8482.

### Key Points:

- ~ Allows the commissioner to fine payday lenders who fail to register as payday lenders with the state up to \$500 if the company has no or one office in the state or \$500 per office if they have two or more offices in the state of Utah.
- ~ Gives the commissioner authority to reduce or waive the fines mentioned above if the company shows good cause.
- ~ Gives the Department of Financial Institutions fining authority for violations of individual sections of code of up to \$1,000 per violation, not to exceed \$30,000 annually for any one company.
- ~ Requires that lenders giving title loans on the Internet or by other electronic means disclose certain facts prior to the consumer entering into the loan.

### CORC's Position:

CORC supports this bill as far as it goes. We have concerns that the amount of fines and authority granted to the commissioner are too vague and do not encourage compliance.