DIGEST

HB 513 Reengrossed | 2025 Regular Session | Riser

Abstract: Creates the Louisiana Consumer Alternative Installment Loan Act.

Proposed law provides for the Louisiana Consumer Alternative Installment Loan Act.

Proposed law defines "applicable interest", "Consumer Price Index for All Urban Consumers" and "precomputed consumer loan".

Proposed law provides for who proposed law shall not apply to.

Proposed law provides options for any precomputed consumer loan that a licensed lender makes.

Proposed law provides for the administration and enforcement of proposed law.

Proposed law provides for how to compute time for loans made in accordance with the interest indicated in proposed law.

Proposed law provides that in lieu of the finance charges and fees allowed pursuant to present law on precomputed consumer loans of $5500 or less, a licensed lender may contract and charge a monthly loan finance charge not to exceed an annual percentage rate, calculated according to the actuarial method, of 59% per annum on the unpaid balance of the amount financed.

Proposed law allows lenders to contract for payment of delinquency charges.

Proposed law provides for how loans made pursuant to proposed law shall be repayable.

Proposed law provides that payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid.

Proposed law provides for what a licensed lender shall do when any loan is paid in full by cash, renewal, or refinancing, or a new loan, one month or more before the final installment due date.

Proposed law provides for what a licensed lender shall do if the prepayment occurs before the first installment due date.

Proposed law provides that a late payment charge that complies with present law shall not be considered a finance charge, if contracted for in writing.

Proposed law provides that no licensed lender or other person may condition an extension of credit to a consumer borrower on the consumer's repayment by preauthorized electronic funds transfers or post-dated check. Consumers may choose any method of payment offered by the licensed lender including but not limited to electronic fund transfers or debit card payments.

Proposed law provides for language that shall be included on each loan agreement entered into between a licensed lender and a consumer borrower.

Proposed law provides that at the time a loan is made or within 20 days after a loan is made, a licensed lender shall not:

(1) Accept a check and agree to hold it for a period of days before deposit or presentment.

(2) Accept a check dated later than the date written.

Proposed law provides that on or before September 1st of each year, the Office of Financial Institutions shall publish a new maximum loan size permitted pursuant to proposed law. Proposed law provides for how the new amount will be calculated.

Proposed law provides for the power and authority of the commissioner to adopt rules to implement proposed law.

Proposed law repeals requirement for credit unions to have an aggregate investment in fixed assets, including any additional investment associated with the proposed branch office, to be less than 50% of its total capital and reserves in order to open branches.

(Adds R.S. 9:3530.1-3530.7; Repeals R.S. 6:661.1(A)(2))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.

2. Clarify definitions of "Consumer Price Index for All Urban Consumers" and "precomputed consumer loan".

3. Remove requirement of demonstrating license to the commissioner.

4. Allow lenders to contract for payment of delinquency charges.

5. Alter language to be included on each loan agreement in proposed law.

6. Change date by which publication of new maximum loan size is required from July 1st to September 1st.

7. Clarify information to be used in publishing the new maximum loan size.

8. Provide power to administer and regulate these activities to the commissioner.

9. Repeal requirement for credit unions to have an aggregate investment in fixed assets, including any additional investment associated with the proposed branch office, to be less than 50% of its total capital and reserves in order to open branches.