

2025 Regular Session

HOUSE BILL NO. 513

BY REPRESENTATIVE RISER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

LOAN BROKERS: Enacts the Louisiana Consumer Alternative Installment Loan Act

1 AN ACT

2 To enact Part II-A of Chapter 2 of Title 9 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 9:3530.1 through 3530.6, relative to the Louisiana Consumer
4 Alternative Installment Loan Act; to provide for definitions; to provide for consumer
5 loans; to provide for the calculation of interest; to provide for the payment of loans;
6 to provide for loan agreements; to provide for rulemaking; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Part II-A of Chapter 2 of Title 9 of the Louisiana Revised Statutes of 1950,
10 comprised of R.S. 9:3530.1 through 3530.6, is hereby enacted to read as follows:

11 PART II-A. LOUISIANA CONSUMER ALTERNATIVE INSTALLMENT LOAN ACT

12 §3530.1. Short title

13 This Part shall be known and may be cited as the "Louisiana Consumer
14 Alternative Installment Loan Act".

15 §3530.2. Definitions

16 A. Except as otherwise defined in this Part, terms in this Part have the
17 meanings ascribed to them in the Louisiana Consumer Credit Law, R.S. 9:3510, et
18 seq.

19 B. For purposes of this Part:

(1) "Applicable interest", for a precomputed consumer loan contract, means the amount of interest attributable to each monthly installment period and shall be computed as if each installment period were one month and any interest charged for extending the first installment period. The applicable interest for any monthly installment period is that portion of the precomputed interest that bears the same ratio to the total precomputed interest as the balances scheduled to be outstanding during that month bear to the sum of all scheduled monthly outstanding balances in the original contract.

(2) "Precomputed consumer loan" means a consumer loan which represents a precomputed consumer credit transaction.

§3530.3. Consumer loans; license required; option to lend at alternate rates

A. No person, partnership, association, limited liability company, or corporation shall engage in the business of making consumer loans of money as provided by this Part and charge, contract for, or receive on any such loan interest, discount, or consideration therefor without demonstrating to the satisfaction of the commissioner that they are the holder of a valid and subsisting license in accordance with the Louisiana Consumer Credit Law, R.S. 9:3510 et seq.

B. This Part shall not apply to persons engaged in the business of extending credit to borrowers primarily for business or commercial purposes.

C. For any precomputed consumer loan that a licensed lender makes, the licensed lender has the option to either lend at the rates and fees contemplated in R.S. 9:3519 and R.S. 9:3530, respectively, or at the rates and charges in R.S. 9:3530.5.

D. The provisions of this Part shall be administered and enforced by the commissioner, or his authorized agents, representatives, and employees.

E. Except as otherwise provided in this Part, the provisions of the Louisiana Consumer Credit Law, R.S. 9:3510, et seq., shall apply to this Part.

§3530.4. Calculation of interest; repayment terms; income requirements

To compute time for loans made in accordance with the interest indicated in R.S. 9:3530.5, for the calculation of interest and other purposes, a month shall be a

1 calendar month, a day shall be considered one-thirtieth of a month when the
2 calculation is made for a fraction of a month. A month shall be one-twelfth of a
3 year. A calendar month is that period from a given date in one month to the same
4 numbered date in the following month, and if there is no same numbered date, to the
5 last day of the following month. When a period of time includes a fraction of a
6 month, the fraction of the month is considered to follow the whole month. In the
7 alternative, the licensed lender may charge interest at the rate of one-three hundred
8 sixty fifth of the agreed annual rate for each day actually elapsed.
9 §3530.5. Monthly finance charges in lieu of certain interest and charges

10 A. In lieu of the finance charges and fees allowed pursuant to R.S. 9:3519
11 and R.S. 9:3530, respectively, on precomputed consumer loans of five thousand five
12 hundred dollars or less, a licensed lender may contract and charge a monthly loan
13 finance charge not to exceed an annual percentage rate, calculated according to the
14 actuarial method, of fifty-nine percent per annum on the unpaid balance of the
15 amount financed.

16 B.(1) Loans made in accordance with this Section shall be repayable in
17 substantially equal and consecutive monthly installments of principal and interest
18 combined, except that the first installment period may be longer than one month by
19 not more than fifteen days, and the first installment payment amount may be larger
20 than the remaining payments by the amount of interest charged for the extra days.

21 (2) Payments may be applied to the combined total of principal and
22 precomputed interest until the loan is fully paid.

23 (3) When any loan is paid in full by cash, renewal, or refinancing, or a new
24 loan, one month or more before the final installment due date, a licensed lender shall
25 refund or credit the obligor the rebate amount for all fully unexpired installment
26 periods, as originally scheduled or as deferred, that follow the day of prepayment,
27 and a month shall be earned if the prepayment occurs one or more days after the
28 payment due date. However, if the prepayment occurs before the first installment
29 due date, the licensed lender shall refund or credit the obligor the applicable interest

1 on a pro rata basis from the date of the loan to the date of prepayment. If the
2 maturity of the loan is accelerated for any reason and judgment is entered, the
3 licensed lender shall credit the borrower with the same refund as if prepayment in
4 full had been made on the date the lawsuit is initiated.

5 (4) A late payment charge that complies with R.S. 9:3527 shall not be
6 considered a finance charge, if contracted for in writing.

7 (5) No licensed lender or other person may condition an extension of credit
8 to a consumer borrower on the consumer's repayment by preauthorized electronic
9 funds transfers or post-dated check. Consumers may choose any method of payment
10 offered by the licensed lender including but not limited to electronic fund transfers
11 or debit card payments.

12 (6) Each loan agreement entered into between a licensed lender and a
13 consumer borrower shall include the following language: "This business is licensed
14 and regulated by the Louisiana Office of Financial Institutions. If you have any
15 unresolved problem with a transaction at this location, you are entitled to assistance.
16 Please call or write the Louisiana Office of Financial Institutions."

17 (7) At the time a loan is made or within twenty days after a loan is made, a
18 licensed lender shall not:

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

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

22 C. On or before July first of each year, the office of financial institutions
23 shall issue a memorandum authorizing a new maximum loan size permitted pursuant
24 to this Section. The new amount will be calculated by applying any increase or
25 decrease in the United States Bureau of Labor Statistics Consumer Price Index for
26 All Urban Consumers for the previous calendar year to the previous maximum loan
27 size listed in Subsection A of this Section and rounding that amount upward to the
28 nearest ten dollar increment.

- 1 §3530.6. Rules; compliance with applicable provisions; violations
- 2 The commissioner has the power and authority to adopt rules pursuant to the
- 3 Administrative Procedure Act not inconsistent with the law, necessary for the
- 4 enforcement of this Part, in accordance with the powers granted to him pursuant to
- 5 the Louisiana Consumer Credit Law, R.S. 9:3510, et seq.
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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 513 Original

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" and "precomputed consumer loan".

Proposed law provides that no person, partnership, association, limited liability company, or corporation shall engage in the business of making consumer loans of money as provided by proposed law and charge, contract for, or receive on any such loan interest, discount, or consideration therefor without demonstrating to the satisfaction of the commissioner that they are the holder of a valid and subsisting license in accordance with present law.

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 what present law that applies to 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 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 July 1st of each year, the office of financial institutions shall issue a memorandum authorizing 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.

(Adds R.S. 9:3530.1-3530.6)