

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 3530.7 and to repeal R.S. 6:661.1(A)(2),
4 relative to the Louisiana Consumer Alternative Installment Loan Act; to provide for
5 definitions; to provide for consumer loans; to provide for the calculation of interest;
6 to provide for the payment of loans; to provide for loan agreements; to provide for
7 rulemaking; to provide for powers of the commissioner; to repeal certain criteria for
8 credit unions; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Part II-A of Chapter 2 of Title 9 of the Louisiana Revised Statutes of 1950,
11 comprised of R.S. 9:3530.1 through 3530.7, is hereby enacted to read as follows:

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

13 §3530.1. Short title

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

16 §3530.2. Definitions

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

20 B. For purposes of this Part:

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

9 (2) "Consumer Price Index for All Urban Consumers" means the All Items
10 Consumer Price Index for All Urban Consumers for the U.S. City Average reported
11 on a not seasonally adjusted basis published by the United States Bureau of Labor
12 Statistics.

13 (3) "Precomputed consumer loan" means a consumer loan which represents
14 a precomputed consumer credit transaction as defined in R.S. 9:3516(25).

15 §3530.3. Consumer loans; option to lend at alternate rates

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

18 B. For any precomputed consumer loan that a licensed lender makes, the
19 licensed lender has the option to either lend at the rates and fees contemplated in R.S.
20 9:3519 and R.S. 9:3530, respectively, or at the rates and charges in R.S. 9:3530.5.

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

23 D. For any precomputed consumer loan that a licensed lender makes, the
24 licensed lender has the option to either lend at the rates and fees contemplated in R.S.
25 9:3519 and R.S. 9:3530, respectively, or at the rates and charges in R.S. 9:3530.5.

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

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

1 §3530.4. Calculation of interest; repayment terms; income requirements

2 To compute time for loans made in accordance with the interest indicated in
3 R.S. 9:3530.5, for the calculation of interest and other purposes, a month shall be a
4 calendar month, a day shall be considered one-thirtieth of a month when the
5 calculation is made for a fraction of a month. A month shall be one-twelfth of a
6 year. A calendar month is that period from a given date in one month to the same
7 numbered date in the following month, and if there is no same numbered date, to the
8 last day of the following month. When a period of time includes a fraction of a
9 month, the fraction of the month is considered to follow the whole month. In the
10 alternative, the licensed lender may charge interest at the rate of one-three hundred
11 sixty fifth of the agreed annual rate for each day actually elapsed.

12 §3530.5. Monthly finance charges in lieu of certain interest and charges

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

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

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

26 (3) When any loan is paid in full by cash, renewal, or refinancing, or a new
27 loan, one month or more before the final installment due date, a licensed lender shall
28 refund or credit the obligor the rebate amount for all fully unexpired installment
29 periods, as originally scheduled or as deferred, that follow the day of prepayment,

1 and a month shall be earned if the prepayment occurs one or more days after the
2 payment due date. However, if the prepayment occurs before the first installment
3 due date, the licensed lender shall refund or credit the obligor the applicable interest
4 on a pro rata basis from the date of the loan to the date of prepayment. If the
5 maturity of the loan is accelerated for any reason and judgment is entered, the
6 licensed lender shall credit the borrower with the same refund as if prepayment in
7 full had been made on the date the lawsuit is initiated.

8 (4) A lender may contract in writing for the payment of a delinquency charge
9 authorized in R.S. 9:3527, in connection with a non-real estate consumer loan
10 transaction. The delinquency charge shall not be considered a finance charge. No
11 other fees or charges are permitted in accordance with this Part, except for the fee
12 allowed in R.S. 9:3530.5.

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

18 (6) Each loan agreement entered into between a licensed lender and a
19 consumer borrower shall include the following language: "This business is licensed
20 and regulated by the Louisiana Office of Financial Institutions. If you have any
21 unresolved problem with a transaction at this location, assistance may be available.
22 Please call or write the Louisiana Office of Financial Institutions."

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

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

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

28 C. On or before September first of each year, the Office of Financial
29 Institutions shall publish a new maximum loan amount permitted pursuant to this

1 Section on the website of the Office of Financial Institutions. The new amount shall
 2 be calculated by applying the twelve-month increase or decrease in the July United
 3 States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers
 4 to the maximum loan amount of five thousand five hundred dollars in Subsection A
 5 of this Section and rounding that amount upward to the nearest ten dollar increment.

6 §3530.6. Rules; compliance with applicable provisions; violations

7 The commissioner has the power and authority to adopt rules pursuant to the
 8 Administrative Procedure Act not inconsistent with the law, necessary for the
 9 enforcement of this Part, in accordance with the powers granted to him pursuant to
 10 the Louisiana Consumer Credit Law, R.S. 9:3510, et seq.

11 §3530.7. Powers of the commissioner

12 The commissioner may apply the provisions of Parts I, III, VII, VIII, IX, and
 13 X of Chapter 2 of this Code Title, the Louisiana Consumer Credit Law, for purposes
 14 of administering and regulating the activities of licensees and the provisions of this
 15 Part.

16 Section 2. R.S. 6:661.1(A)(2) is hereby repealed in its entirety.

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 Engrossed

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.