

HOUSE BILL No. 2421

By Representative DiVita

2-7

AN ACT relating to payday loans; finance charges; amending K.S.A. 2000 Supp. 16a-2-404 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2000 Supp. 16a-2-404 is hereby amended to read as follows: 16a-2-404. (1) On consumer loan transactions in which cash is advanced:

(a) With a short term,
(b) a single payment repayment is anticipated, and
(c) such cash advance is equal to or less than \$860, a licensed or supervised lender may charge in lieu of the loan finance charges specified in K.S.A. 16a-2-401, and amendments thereto, the following amounts:

(i) On any amount up to and including \$50, a charge ~~of not to exceed~~ \$5.50 may be added;

(ii) on amounts in excess of \$50, but not more than \$100, a charge may be added ~~equal to not to exceed~~ 10% of the loan proceeds plus a \$5 administrative fee;

(iii) on amounts in excess of \$100, but not more than \$250 a charge may be added ~~equal to not to exceed~~ 7% of the loan proceeds with a ~~minimum~~ maximum of \$10 plus a \$5 administrative fee;

(iv) for amounts in excess of \$250 and not greater than the maximum defined in this section, a charge may be added ~~equal to not to exceed~~ 6% of the loan proceeds with a ~~minimum~~ maximum of \$17.50 plus a \$5 administrative fee.

(2) The maximum term of any loan made under this section shall be 30 days.

(3) The contract rate of any loan made under this section shall not be more than 3% per month of the loan proceeds after the maturity date. No insurance charges or any other charges of any nature whatsoever shall be permitted, except as stated in subsection (5), including any charges for cashing the loan proceeds if they are given in check form.

(4) Any loan made under this section shall not be repaid by proceeds of another loan made under this section by the same lender or related interest. The proceeds from any loan made under this section shall not be applied to any other loan from the same lender or related interest.

1 (5) On a consumer loan transaction in which cash is advanced in
2 exchange for a personal check, a return check charge may be charged if
3 the check is deemed insufficient as defined in paragraph (e) of subsection
4 (1) of K.S.A. 16a-2-501, and amendments thereto.

5 (6) In determining whether a consumer loan transaction made under
6 the provisions of this section is unconscionable conduct under K.S.A. 16a-
7 5-108, and amendments thereto, consideration shall be given, among
8 other factors, to:

9 (a) The ability of the borrower to repay within the terms of the loan
10 made under this section; or

11 (b) the original request of the borrower for amount and term of the
12 loan are within the limitations under this section.

13 (7) This section shall be supplemental to and a part of the uniform
14 consumer credit code.

15 Sec. 2. K.S.A. 2000 Supp. 16a-2-404 is hereby repealed.

16 Sec. 3. This act shall take effect and be in force from and after its
17 publication in the statute book.

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