

HOUSE RESEARCH

Bill Summary

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Subject: Regulating payday lending

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Section

- 1** **Application.** Eliminates a reference to a statute that is not relevant to this bill because the loan amounts allowed under it are too small to be relevant to the rest of the bill.
- 2** **Definitions.** Adds definitions of “advertise” and “debt-to-income ratio.” Amends definitions of “borrower” and “consumer short-term lender.”
- 3** **Consumer short-term loan contract.** Clarifies provisions relating to short-term loans.
- 4** **Requirements; prohibition.** Specifies detailed requirements that short-term consumer lenders must comply with. They include determining that the borrower has a reasonable ability to repay the loan, limiting the borrower to no more than four short-term loans within a 12-month period, limiting a borrower’s short-term loan debt to no more than 90 days, verifying the borrower’s number of short-term loans and the number of days the borrower is indebted for those loans, and in general complying with Minnesota and federal laws that regulate short-term consumer loans.
- 5** **Powers; limitations.** Prohibits industrial loan and thrift companies from making a consumer short-term loan under any section other than section 47.60.
- 6** **Effective date.** Makes this bill effective August 1, 2014, and apply to consumer short-term loans made on or after that date.