



May 26, 2023

FLORIDA LEGISLATURE PASSES BILL AMENDING CONSUMER FINANCE ACT

On May 1, 2023, both chambers of the Florida legislature passed [HB 1267](#), amending the Consumer Finance Act, Florida's licensed lender statute. Most notably, the proposed amendments would modify the interest rate provision for loans up to \$25,000 from the current tiered rate caps to a flat maximum rate of 36% per annum for all loans up to \$25,000. The interest rate cap for loans greater than \$25,000 was not affected. The bill also proposes to increase the statutorily mandated grace period on delinquency charges to 12 days (up from the current 10 day grace period).

The bill proposes several changes to the licensing process. The amended statute would require a license for branch operations, with "branch" defined as any location, other than a licensee's principal place of business, at which the licensee operates or conducts business under the Consumer Finance Act or which the licensee owns or controls for the purposes of conducting business under the Consumer Finance Act. A \$625 licensing fee would be required for each of the principal place of business and all branch applications. Additionally, the existing exception to the \$200 application investigation fee for applications to renew or reactivate a license has been deleted.

Finally, the bill proposes new reporting requirements. Generally, licensees would be required annually to report for the preceding calendar year (i) the number of locations held by the licensee, (ii) the number of loan originations, (iii) the total dollar amount and number of outstanding loans, (iv) the total dollar amount and number of secured loans, (v) the total dollar amount and number of unsecured loans, (vi) the total number of loans separated by dollar amount according to the schedule in the statute, (vii) the total dollar amount and number of charged-off loans and (viii) the total dollar amount and number of loans with a delinquency status of a certain number of days, broken down into four ranges. The first annual report will be due March 15, 2024, with subsequent reports due each March 15. Reports would be made in a form and manner to be prescribed by rule of the Financial Services Commission. The bill also requires separate reporting to the Office of Financial Regulation if a licensee offers any assistance program to borrowers affected by a disaster in the event of a Federal Emergency Management Agency response to a Presidential Disaster Declaration in Florida.

HB 1267 has been ordered enrolled by both the House and the Senate and is waiting presentment to the Governor. The bill will become effective on July 1, 2023 following the Governor's approval. We will continue to monitor the status of the bill. □

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