



July 1, 2024

FLORIDA AMENDS CONSUMER FINANCE ACT, INCREASING RATE CAPS

On June 28, 2024, Florida Governor Ron DeSantis signed H.B. 1347, which amends the Consumer Finance Act to allow licensed lenders to charge a greater rate of interest on consumer loans, among other things. These amendments come after Governor DeSantis vetoed a similar bill this time last year. See our ALERTS of [June 27, 2023](#) and [May 26, 2023](#).

The amendment modifies the interest rate provisions of the Consumer Finance Act, providing for tiered rate caps of 36% on the first \$10,000 of principal, 30% on principal between \$10,000.01 and \$20,000, and 24% on principal between \$20,000.01 and \$25,000. The bill increases the statutory grace period on delinquency charges to 12 days.

Additionally, the amended statute includes several changes to the licensing process and imposes a licensing requirement on branch operations. "Branch" is 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. Licensees must pay a biennial \$625 license fee for the principal place of business and for each branch, along with a \$200 application investigation fee.

Lastly, the bill adds an annual reporting requirement for licensees. Beginning in March 2025 licensees must 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 principal amount according to the schedule in the statute, (vii) the total dollar amount of loans and number of charged-off loans and (viii) the total dollar amount and number of loans with delinquency status broken down into four ranges. Reports must be made in the form or manner to be prescribed by rule of the Financial Services Commission.

The amendments are effective as of July 1, 2024. The Consumer Finance Act regulates consumer finance loans, defined as a loan of money, credit, goods or choses in action, including,

provision of a line of credit, in an amount or to a value of \$25,000 or less for which the lender charges, contracts for, collects or receives interest at a rate greater than 18% per annum (except that under the Act, lenders may not offer a credit card). The Act exempts from its provisions any institution doing business under and as permitted by any law of Florida or of the United States related to "banks." □

✧ *Mike Tomkies and Mercedes Ramsey*

LOOKING FOR A STATE LAW CREDIT CARD COMPLIANCE RESOURCE? We publish an easy-to-use online reference that summarizes state consumer lending and other consumer protection laws. Our CREDIT CARD DIGEST is organized topically, covers laws applicable to credit card programs of federally and state-chartered financial institutions from an out-of-state issuer perspective and includes an analysis of statute applicability. Card issuers, marketers, servicers and merchants should find this an invaluable resource for program development and regulatory compliance. **Contact us for details.**

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