

## HOUSE BILL No. 2374

By Committee on Appropriations

2-18

1 AN ACT concerning financial institutions; pertaining to installment loans.

2

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

4 Section 1. An installment loan made to a consumer pursuant to this  
5 section shall be subject to the following conditions:

6 (a) No installment loan shall be made under this section for an  
7 amount that is less than \$300 or that exceeds \$2,000.

8 (b) The term of any such installment loan shall be not less than six  
9 months and not more than 24 months.

10 (c) An installment loan made to a consumer pursuant to this section  
11 shall be subject to the following charges:

12 (1) A non-refundable processing fee in an amount not to exceed the  
13 lesser of: (A) 10% of the amount financed; or (B) \$150; and

14 (2) an installment loan handling charge of:

15 (A) \$5 per \$100 of the amount financed on the loan per month for  
16 loan amounts of at least \$300 but that do not exceed \$500; and

17 (B) \$4 per \$100 of the amount financed on the loan per month for  
18 loan amounts of more than \$500 but that do not exceed \$2,000.

19 (d) No further charges shall be permitted in connection with loans  
20 made pursuant to this paragraph, except:

21 (1) Actual and reasonable attorney fees and court costs as determined  
22 by the court in which suit is filed;

23 (2) a delinquency charge of up to \$15 for each payment in default for  
24 longer than 10 days if the charge is agreed upon in writing between the  
25 parties before the charge is imposed;

26 (3) an insufficient fund check charge in the amount of \$20 or an  
27 amount equal to the actual charge by the depository institution for the  
28 return of unpaid or dishonored instruments, whichever is greater; and

29 (4) an amount equal to the fee paid to a government entity to  
30 document or secure the loan.

31 (e) A borrower may rescind any installment loan made pursuant to  
32 this section by returning to the lender the amount of the loan proceeds no  
33 later than the fifth day following the day on which the loan was made. If  
34 the fifth day is not a business day, then the final day shall be the next  
35 business day. Upon such returns, the lender shall promptly cancel the  
36 processing fee and installment loan charge.

1       (f) Whenever the outstanding balance of any installment loan made  
2 pursuant to this section is paid in full by cash, a new loan, or renewal at  
3 least 30 days or more before the date upon which the final installment is  
4 due, the lender shall return or credit to the borrower the unearned portion  
5 of the installment account handling charge made in connection with the  
6 loan. The refund shall be calculated according to the actuarial method from  
7 the date of the loan until the date the loan is paid.

8       Sec. 2. This act shall take effect and be in force from and after its  
9 publication in the statute book.