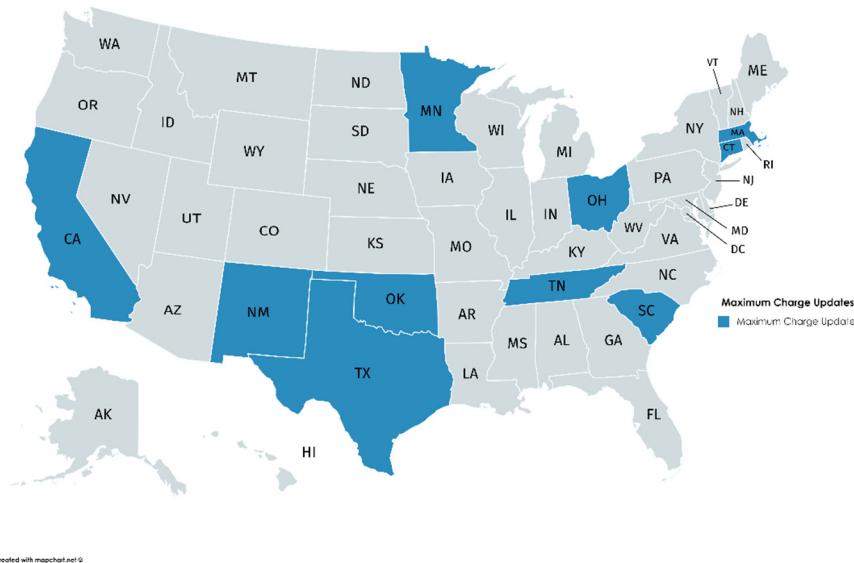


The following provides an overview of state maximum charge and fee updates that occurred in 2018. For additional information on the materials presented, email smilovich@carletoninc.com.

Maximum Charge Updates



ANNUAL TILA THRESHOLD EXEMPTION

The CFPB raised the TILA Exemption Thresholds from \$54,600 to \$55,800. Effective January 1, 2018.

CALIFORNIA

AB 237 amends sections 22365, 22370, 22371, 22379, and 22380 of the Financial Code and adjusts the parameters under California's "Pilot Program" for small loans. Under the Bill, the loan limit is increased from \$2,500 to \$7,500. The applicable interest rate structure remains the same.

For loans above \$2,500, the loan payment amount is capped at 36% of the borrower's monthly income. The Lender must reduce the interest rate of subsequent loans under certain conditions. The Bill sets maximum terms based on the principal balance at origination and specifically allows for an Administrative Fee and Delinquency fees. Effective January 1, 2019.

CONNECTICUT

Effective October 1, 2018, Public Act No. 18-173 (HB 5490) modified the maximum annual percentage rates for small loans.

- Small loans under \$5,000: the maximum APR is the lesser of 36% or the maximum APR permitted with respect to credit extended under the Military Lending Act (currently 36%).
- Small loans between \$5,000 and \$15,000: the maximum APR is 25%.

FLORIDA

Effective July 1, 2018, SB 386 amended Florida's Consumer Finance Law. Specifically, the bill removes the requirements that installments must be paid monthly and instead states that installments may be due every 2 weeks, semi-monthly, or monthly.



MARYLAND

HB 1297 increases the small loan threshold under the Maryland Consumer Loan Law from \$6,000 to \$25,000. The bill applies to lenders making loans of \$25,000 or less, unless they are exempt under the MCLL. The bill prohibits loans at a rate of interest, charge, discount or other consideration greater than the amount authorized under state law or that violates the MLA. Effective January 1, 2019.

MINNESOTA

The Minnesota Commerce Department published the periodic adjustment in dollar amounts effective July 1, 2018 through June 30, 2020. The adjustments are based on a 10% increase. The dollar amount adjustments include:

§47.59 Subd. 3	Principal Subject to 33% Interest	\$ 1,238.00
§47.59 Subd. 3	Minimum Refund	\$ 8.25
§47.59 Subd. 6	Default Charges	\$ 8.58
§47.59 Subd. 6	Loan Administration Fee Threshold	\$ 7,128.00

NEW MEXICO

Effective January 1, 2018, HB 347 enacted the Installment Loan Fee Limits and Literacy Fund. The bill revised sections of the Small Loan Act, increasing the maximum loan amount to \$5,000 and limiting the APR to 175%.

OHIO

Ohio House Bill 123 specifically addressed Small Loans (§§ 1321.01-1321.19), Short-term Loans (§§ 1321.35-1321.48), and Second Mortgage Loans (§§ 1321.51-1321.60). The bill becomes effective October 28, 2018, but only applies to loans made after April 26, 2019.

Under the Act, a **Small Loans Licensee** shall not make a loan where either (1) the loan is \$1,000 or less, or (2) the loan has a duration of one year or less.

A **Short-term Loan Licensee** must meet the following conditions:

- The total loan amount doesn't exceed \$1,000 (up from \$500 previously).
- The maximum duration is one year.
- The minimum duration may be less than 91 days, under certain conditions.
- The loan must be precomputed and payable in substantially equal installments.
- The total amount of fees and charges (excluding the check-collection charge, the check-cashing fee, and refinanced interest charges) may not exceed 60% of the original contracted loan amount.
- Specified fees must be excluded or included in the interest or APR calculations.

The following additional or revised fees are allowed:

- Interest not exceeding 28%.
- A monthly maintenance fee not exceeding the lesser of 10% of the loan amount or \$30.
- If the loan amount is \$500 or more, a loan origination charge of 2% of the contracted amount.
- A check-cashing fee not exceeding \$10.

A Short-term Loan Licensee is prohibited from:

- Charging for credit insurance premiums; ancillary products; or additional fees, interest or charges.
- Making a short-term loan to the borrower if there exists an outstanding loan between the borrower and the licensee or if the loan will result in a total outstanding principal of more than \$2,500 in short term loans made by licensee to the borrower at any one time.

Under the Act, **Second Mortgage Loans** may not (1) be in the amount of \$1,000 or less, or (2) have a duration of one year or less.



*The above shall not be considered legal advice. For legal interpretations, please consult legal counsel.



OKLAHOMA

The Department of Consumer Credit published the changes in dollar amounts which became effective July 1, 2018. Included in the adjustments are the following:

Retail Installment Sales, §2-201:

The greater of: 30% of the amount financed up to \$1,530; plus
21% of the excess to \$5,100; plus
15% of the remainder to \$55,800;
OR 21% Simple Interest

Loans subject to § 3-508(B) were adjusted, as follows:

Loan Amount	Maximum Charge
\$ 1.00 - \$ 152.95	\$5.10 for every \$25.50 advanced
\$152.96 - \$ 178.50	Flat 10% plus \$15.30
\$178.51 - \$ 357.00	Flat 10% plus \$17.85
\$357.01 - \$ 510.00	Flat 10% plus \$20.40
\$510.01 - \$ 765.00	Flat 10% plus \$22.95
\$765.01 - \$1,530.00	Flat 10% plus \$25.50

SOUTH CAROLINA

The Department of Consumer Affairs released its biannual dollar bracket adjustment effective from July 1, 2018 through June 30, 2020. Among the dollar bracket adjustments are:

- The consumer credit sale, consumer lease, and consumer loans defined maximum amount changes from \$90,000 to \$92,500. (§2.104(1)(e), §2.106(1)(b), and §3.104(d), respectively).
- The maximum delinquency charge for sales and loans transactions changed from \$18.00 to \$18.50. (§ 2.203(1) and §3.203(1), respectively).
- The minimum delinquency charge changed from \$7.20 to \$7.40. (§ 2.203(2)).

TENNESSEE

HB 1944 amended the Tennessee Industrial Loan and Thrift Companies. Effective March 23, 2018, the bill changed the application of the interest rate to the amount financed rather than the total amount of the loan. The rates remain unchanged.

TEXAS

Effective July 1, 2018, the dollar amount brackets and ceilings subject to adjustment in the Texas Financial Code increased as follows:

Consumer Loans – §342.201

Add-On Rates \$18 per \$100 per annum of the cash advance to \$2,100 plus,
\$ 8 per \$100 per annum of the excess to \$17,500.00; or

Simple Melded Rates 30% per annum of the cash advance to \$3,500 plus,
24% of the excess to \$7,350 plus,
18% of the remainder to \$17,500.00

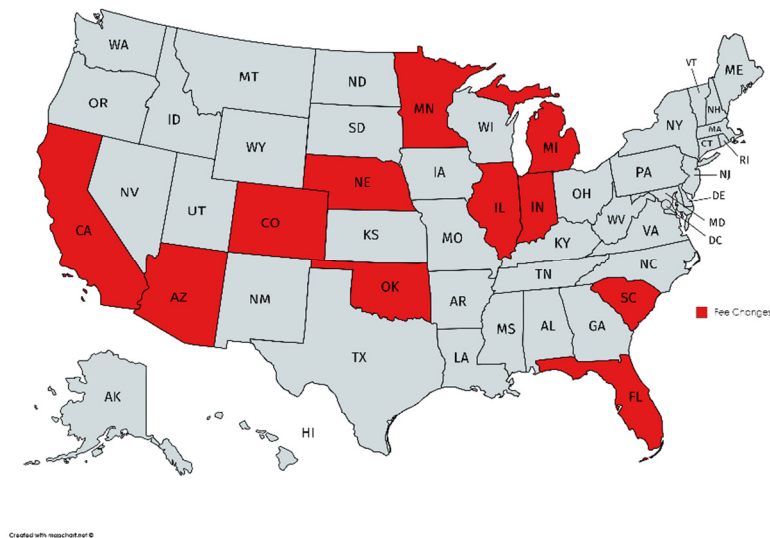
Retail Installment Sales (“Other Goods”) – §345.055

\$12 per \$100 per annum of the principal balance to \$3,500 plus,
\$10 per \$100 per annum of the excess to \$7,000 plus,
\$ 8 per \$100 per annum of the remainder.



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Fees / Delinquency Charges



CALIFORNIA

Prior to the enactment of AB 3163, California allowed a \$3 transaction fee to be passed on to the customer and an additional \$1 transaction fee for the purposes of submitting motor vehicle registration and titling transactions that could not be passed on to the customer by private industry partners. Effective September 14, 2018, the \$1 fee may now be passed on to the consumer in addition to the \$3 transaction fee. Effective September 14, 2018.

COLORADO

HB 18-1299 defines third-party providers and specifically allows a consumer to be charged the fee that is paid to a third-party provider in connection to an electronic registration transaction, lien transaction or titling transaction. Effective July 1, 2019.

ILLINOIS

The maximum Document Preparation Fee a dealer can charge in 2018 is \$175.94. Effective January 1, 2018.

FLORIDA

Cited above, SB 386 also modified the delinquency charge allowed for loans under § 516.031. Previously, a delinquency charge of up to \$15 was allowed for each payment in default for at least 10 days. Effective July 1, 2018, the delinquency charges for loan are as follows:

- Monthly payments up to \$15 per payment in default
- Semimonthly payments up to \$7.50 per payment in default
- Biweekly payments up to \$7.50 per payment if 2 payments are due in the same month; \$5 if 3 payments are due within the same month

INDIANA

HB 1397 added "electronic funds transfer" to the sources of returned payments that may result in a \$25 NSF charge. The bill states that a lender may charge a "skip-a-payment service fee" not to exceed \$25, subject to additional restrictions listed in the bill. And the lender may charge a fee not to exceed \$10 for optional "expedited payment service", subject to additional restrictions. Effective July 1, 2018.



Indiana published Emergency Rule LSA Document #18-155(E) which implemented certain bracket updates, effective July 1, 2018. These bracket adjustments include:

- Minimum credit service charge - \$51.00
- Delinquency charge for sales and loans - \$19.00 (up from \$18.50)
- Minimum finance charge - \$51.00.
- Maximum loan term for \$1,140 to \$4,000 - 37 months

MICHIGAN

On February 7, 2018, the Department of Insurance and Financial Services released Bulletin 2018-01-CF, which adjusts the Regulatory Loan Act Loan Processing Fees. The adjusted loan processing fee for January 1, 2018 through December 31, 2019 remains the same at \$300

MINNESOTA

The default charges for retail installment sales will change to the greater of 5% of the delinquent installment or \$8.58. Effective July 1, 2018.

NEBRASKA

LB 194 modifies the Credit Services Organization Act, the Delayed Deposit Services Licensing Act, and the Nebraska Installment Loan Act. The law prohibits brokerage fees or any other fees in connection with a loan governed by the Nebraska Installment Loan Act. LB 194 specifies that the minimum term for a loan contract under the Nebraska Installment Loan Act is six months. Effective January 1, 2019.

OKLAHOMA

SB 1151 allows for a convenience fee for payments made by debit card, electronic transfer, electronic check, or other electronic means. The convenience fee shall not exceed the lesser of actual cost incurred by the lender for accepting and processing payments by electronic means, or 4%. Effective November 1, 2018.

The default charges for retail installment sales will change to the greater of 5% of the unpaid installment or \$25.50. Effective July 1, 2018.

SOUTH CAROLINA

The default charges for retail installment sales will change to the greater of 5% of the unpaid installment, with a maximum of \$18.50; or 40% of \$7.40. Effective July 1, 2018.