



General Assembly

January Session, 2007

**Raised Bill No. 1040**

LCO No. 3506

\*03506\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA )

**AN ACT PROHIBITING THE MAKING OF PAYDAY LOANS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2007*) No person shall engage  
2 in the business of making a payday loan. For the purposes of this  
3 section, a "payday loan" means an unsecured, short-term cash advance  
4 (1) made to a borrower until the next payday of such borrower, (2)  
5 with an interest rate exceeding thirty-six per cent per annum, and (3)  
6 made in accordance with a loan agreement that provides that the  
7 borrower writes a postdated check to the lender, authorizes the lender  
8 to debit the borrower's account or executes a wage assignment.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007</i>	New section
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**Statement of Purpose:**

To specifically prohibit the making of payday loans in order to protect consumers from the predatory terms and tactics employed in the making of such loans.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*