

**HB 562 – AS AMENDED BY THE HOUSE**

15Jan2014... 2311h  
15Jan2014... 0026h

2013 SESSION

13-1005  
09/03

HOUSE BILL           **562**

AN ACT               relative to title loans.

SPONSORS:       Rep. Butler, Carr 7; Rep. Davis, Merr 20; Rep. Kurk, Hills 2; Rep. Souza, Hills 43;  
                  Sen. Pierce, Dist 5

COMMITTEE:       Commerce and Consumer Affairs

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AMENDED ANALYSIS

This bill makes changes to the interest calculation procedures used by title loan lenders.

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Explanation:       Matter added to current law appears in ***bold italics***.  
                  Matter removed from current law appears [~~in brackets and struck through.~~]  
                  Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Thirteen*

AN ACT                    relative to title loans.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1            1 Reporting and Recordkeeping Requirements. Amend RSA 399-A:6, I(a) to read as follows:

2                    (a) Each licensee shall file, under oath, an annual report with the commissioner on or  
3 before March 31 each year concerning its business and operations for the preceding calendar year or  
4 license period ending December 31 in the form prescribed by the commissioner. ***A licensee's***  
5 ***annual report shall include the number of loans renewed 2 or fewer times, the number of***  
6 ***loans renewed between 3 and 5 times, the number of loans renewed between 6 and 8 times,***  
7 ***the number of loans renewed more than 8 times, and the number of loans for which the***  
8 ***collateral was sold after the borrower's default.***

9            2 New Paragraph; Provisions Applicable to Title Loan Lenders. Amend RSA 399-A:14 by  
10 inserting after paragraph VI the following new paragraph:

11                    VII. Make a title loan without providing the borrower named in the title loan agreement a  
12 chart projecting the borrower's next 10 monthly payments, based on the assumption that the  
13 borrower pays all interest due each month plus 10 percent of the original principal each month. The  
14 chart shall include, for each payment, projections for the following: the amount of interest paid, the  
15 amount of principal paid, the total amount of interest paid to date, the total amount of principal paid  
16 to date, and the amount of principal outstanding. The chart shall be appended to the borrower's  
17 copy of the loan agreement.

18            3 Interest Rate. Amend RSA 399-A:14, VI to read as follows:

19                    VI. Charge interest at higher than 25 percent per month ***during the borrower's first***  
20 ***month of indebtedness on the loan or higher than 3-percent per month for any subsequent***  
21 ***period of indebtedness on the same loan***, however actual costs incurred by the lender pursuant  
22 to RSA 399-A:11, XI may be passed through to the borrower.

23            4 Title Loan Renewals. Amend RSA 399-A:15 to read as follows:

24                    399-A:15 Title Loan Renewals. A title loan shall be for an original term of no more than one  
25 month. A title loan lender may allow such loan to be renewed no more than 10 additional periods  
26 each equal the original term, provided however, that at each such renewal the borrower must pay at  
27 least 10 percent of the loan's original principal balance, in addition to any finance charge owed, to  
28 reduce the principal balance outstanding. If the borrower cannot pay this principal reduction at any

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1 renewal, the title loan lender may either: (i) declare the borrower in default, or (ii) allow the loan to  
2 be renewed, provided that the lender shall reduce the current principal amount of the loan by 10  
3 percent of the original principal amount for the purposes of calculating interest thereafter. This  
4 reduction in principal shall continue to be owed by the borrower, but such amount shall not be  
5 entitled to accrue interest thereafter. For the purpose of this section, a renewal is any extension of a  
6 title loan for an additional period without any change in the terms of the title loan other than a  
7 reduction in principal ***or a reduction in the rate of interest to comply with RSA 399-A:14, VI.***  
8 No accrued interest shall be capitalized or added to the principal of the loan at the time of any  
9 renewal.

10       5 Effective Date. This act shall take effect 60 days after its passage.