

CHAPTER 97-181

Senate Bill No. 2064

An act relating to consumer finance loans; amending s. 516.031, F.S.; increasing the loan limits upon which specified interest rates may be charged; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 516.031, Florida Statutes, is amended to read:

516.031 Finance charge; maximum rates.—

(1) INTEREST RATES.—Every licensee may lend any sum of money not exceeding \$25,000. A licensee may not take a security interest secured by land on any loan less than \$1,000. The licensee may charge, contract for, and receive thereon interest charges as provided and authorized by this section. The maximum interest rate shall be 30 percent per annum, computed on the first \$2,000 ~~\$1,000~~ of the principal amount as computed from time to time; 24 percent per annum on that part of the principal amount as computed from time to time exceeding \$2,000 ~~\$1,000~~ and not exceeding \$3,000 ~~\$2,000~~; and 18 percent per annum on that part of the principal amount as computed from time to time exceeding \$3,000 ~~\$2,000~~ and not exceeding \$25,000. The original principal amount as used in this section shall be the same amount as the amount financed as defined by the federal Truth in Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System. In determining compliance with the statutory maximum interest and finance charges set forth herein, the computations utilized shall be simple interest and not add-on interest or any other computations. When two or more interest rates are to be applied to the principal amount of a loan, the licensee may charge, contract for, and receive interest at that single annual percentage rate which if applied according to the actuarial method to each of the scheduled periodic balances of principal would produce at maturity the same total amount of interest as would result from the application of the two or more rates otherwise permitted, based upon the assumption that all payments are made as agreed.

Section 2. The provisions of this act shall be effective for consumer finance loans entered on or after October 1, 1997.

Became a law without the Governor's approval May 30, 1997.

Filed in Office Secretary of State May 29, 1997.