

INTRODUCTION TO FLORIDA'S MODEL FOR RESPONSIBLE SMALL-DOLLAR LENDING



Consumers need a full range of safe, reliable financial options, and more than 2 million Floridians use short-term loans when they find themselves in need of cash but payday is a bit too far away. In 2001, Florida lawmakers had the vision to enact bipartisan reforms that created the strongest short-term lending protections in the nation, prioritizing consumers and driving out predatory lenders.

These reforms have stood the test of time. Florida now boasts a low default rate of just 1.5%, and the state regularly receives fewer than 30 consumer complaints filed per year – despite tens of millions of transactions.

More recently, an overwhelming majority of Florida lawmakers enacted new legislation to bring Florida's policies in line with the 2017 Consumer Financial Protection Bureau small-dollar lending rule, which was championed by Director Richard Cordray. Florida consumers now have a new option that provides greater flexibility during times of financial challenge.

Ultimately, it's important for consumers to have access to short-term, small-dollar credit in a way that provides flexibility and financial stability. Florida's small-dollar lending protections have worked for nearly two decades, and its consumer protections and widespread satisfaction show the importance and effectiveness of maintaining a well-regulated resource for the public.

SINGLE-PAY PRODUCT

LOAN AMOUNT	LOAN TERM
Up to \$500	Between 7 and 31 days
FINANCE CHARGE	CONSUMER PROTECTIONS
Providers may not charge fees that exceed 10% of loan amount, plus a one-time state verification fee of up to \$5	<ul style="list-style-type: none"> • Limit of one outstanding loan at a time • Loan database for lenders • Mandatory 24-hour cooling off period • No additional fees or interest can be charged at any time • Borrowers can cancel a loan with no fees within 24 hours <ul style="list-style-type: none"> • 60-day grace period where consumers can receive credit counseling paid for by the lender • Existing loans can never be refinanced with proceeds of a new loan

INSTALLMENT PRODUCT

LOAN AMOUNT	LOAN TERM
Up to \$1,000	Between 60 and 90 days
FINANCE CHARGE	CONSUMER PROTECTIONS
<p>Providers may not charge fees that exceed 8% of outstanding loan amount</p> <p>One time \$5 verification fee to pay for the state database</p>	<ul style="list-style-type: none"> • Limit of one outstanding loan at a time • Loan database for lenders • A grace period where consumers have the ability to skip a payment with no penalties • Mandatory 24-hour cooling off period • No additional fees or interest can be charged at any time <ul style="list-style-type: none"> • Borrowers can cancel a loan with no fees within 24 hours • A close-ended loan that reduces to zero in equal payments over a 60 to 90 day period • Existing loans can never be refinanced with proceeds of a new loan