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OFFICE OF THE STATE BANK COMMISSIONER  
*CLARENCE W. NORRIS, Bank Commissioner*

## IMPORTANT NOTICE

### Changes in Kansas Payday Loan law take effect July 1, 2004

The 2004 Kansas legislature passed several amendments to K.S.A. 16a-2-404 which will affect payday lenders. A copy of the amended law is enclosed for your review. The following information presents only a brief overview of the new requirements. Each licensee should read and familiarize themselves with the law. Examinations will include a review of compliance with the new requirements on and after July 1, 2004.

Primary changes in the law include:

- The maximum amount of a payday loan is reduced from \$860 to \$500
- A payday loan may not be written for a term of less than 7 days (the maximum term remains 30 days)
- A payday lender and their related interest may not make more than 3 loans to any one borrower within a 30 calendar day period (and no more than 2 of those loans may be outstanding at any one time)
- Each payday licensee must maintain a journal of all loan transactions for each borrower. The journal must include the name, address and telephone number of each borrower, the date made and due date of each loan.
- Upon receipt of any check from a borrower, the payday lender must immediately stamp the back of the check with a specific endorsement containing a notice that criminal prosecution under the bad check law is not permitted.

NOTE: A stamp containing the required language is enclosed for your use. You may obtain and utilize additional stamps or other similar devices from any source, so long as the endorsement contains the specific language required.

- A borrower has the right to rescind a payday loan not later than the end of the business day immediately following the day on which the loan was made and receive a refund of all fees.

The law also contains clarification on several prohibited activities related to payday lending. Please review the law to ensure your compliance, and contact our office if you have questions.