



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

Important Notice – All Payday Loan Licensees

Changes In Kansas Payday Loan Laws Take Effect July 1, 2005

The 2005 Kansas Legislature adopted several amendments to K.S.A. 16a-2-404 affecting Payday lending requirements. The primary amendments contained in S. Sub. HB 2172 pertaining to Payday lending are summarized below. In addition, pertinent sections of S. Sub. HB 2172 are attached to this memorandum. As a licensee, you are responsible for familiarizing yourself with and implementing these new requirements. **These changes take effect July 1, 2005.**

Notice to Borrower – Pursuant to amended 16a-2-404 (4) The “Notice to Borrower” which is required to be contained in each loan agreement in at least 10 point bold face type pursuant to 16a-2-404 must now be provided to the borrower in **both** English and Spanish. In addition, the lender must obtain the borrower’s signature or initials next to the English version of the Notice; or, if the borrower indicates to the lender that the borrower is more proficient in Spanish than English, then the lender must obtain the borrower’s signature or initials next to the Spanish version of the Notice. Licensees should take steps to include both the English and Spanish language versions of the Notice in their loan agreements on and after July 1, 2005. For examination purposes, consideration will be given to licensees’ reasonable efforts to revise loan agreements in a timely fashion.

To assist licensees in complying with this requirement, the following Spanish language version of the “Notice to Borrower” may be utilized. A Spanish language version of the “Notice to Borrower” which is substantially the same as the following will be considered compliant for the purposes of this requirement:

AVISO AL PRESTATARIO: LA LEY DE KANSAS PROHIBE A ESTE PRESTAMISTA Y A SU INTERES RELACIONADO DE TENER MAS DE DOS PRESTAMOS PENDIENTES AL MISMO TIEMPO CON USTED. UN PRESTAMISTA NO PUEDE DIVIDIR LA CANTIDAD QUE USTED QUIERE TOMAR PRESTADO EN VARIOS PRESTAMOS PARA AUMENTAR LOS CARGOS QUE USTED PAGA.
INICIALES DEL PRESTATARIO _____ o FIRMA _____

Maximum Fee - The maximum allowable charge for a Payday Loan has been increased to an amount not to exceed 15% of the amount of the cash advance.

Military Borrowers – New section 22 of S. Sub. HB 2172 contains several restrictions on Payday Loans related to “military borrowers”. These restrictions are described on the attached sections of 2172.

If you have questions or comments concerning these or other matters, please contact our office.