

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	9 - 0 - 0
Yeas:	Gilliam, Krieger, Matthews, Riley, Smith J., Tomei, Whisnant, Wingard, Holvey
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/3

WHAT THE MEASURE DOES: Specifies the length of term for which a pawnbroker may renew a pledge loan, for when a pledgor renews a pledge loan, and the date on which the grace period for redeeming the pledge loan begins. Declares an emergency and takes effect upon passage.

ISSUES DISCUSSED:

- Differences between pawnbrokers and payday lenders
- Pawnbrokers are already well regulated

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: A pawnbroker is an individual or business that offers secured loans to people with items of personal property used as collateral. If an item is pawned for a loan, within a certain contractual period of time the pawner may purchase the item back for the amount of the loan, plus an agreed-upon amount of interest. The amount of time, and the rate of interest are governed by law and by the pawnbroker's policies. If the loan is not paid or extended within the specified time period, the pawned item may be offered for sale by the pawnbroker or by a secondhand dealer.

House Bill 3629 modifies the length of term for which a pawnbroker may modify a pledge loan from the current limit of 60 days to a period of 60 days or longer. The extension may be made upon agreement by the pledgor to pay only the interest and fees on the loan, or to pay a portion of the principal plus interest and fees, provided that the new pledge loan is accepted on the same pledge on the same day. The measure also modifies the 30-day grace period so that it begins upon the mailing of the required notice, rather than upon delivery of the notice.