

**BULLETIN**  
**NHBD 2018-001**

**Issued By:** New Hampshire Banking Department  
Gerald H. Little, Bank Commissioner

**Date:** August 6, 2018

**Re:** **Guidance on Senate Bill 91**

This bulletin is intended to provide guidance on Senate Bill 91, which amends RSA 399-A:19, II-III, effective August 7, 2018.

**Discussion**

Senate Bill 91 (SB 91), effective August 7, 2018, amends RSA 399-A:19, II-III to read as follows:

II. A title loan lender may allow such loan to be renewed no more than 9 additional periods each equal to the original term, provided however, that at each such renewal the borrower shall pay at least 10 percent of the title loan's original principal balance in addition to any finance charge owed, to reduce the principal balance outstanding. No action shall be required of the borrower to renew the loan.

III. If the borrower cannot pay this principal reduction at any renewal, the title loan lender shall either: (a) declare the borrower in default; or (b) allow the loan to be renewed, provided that, in either event, the lender shall reduce the current principal amount of the loan by 10 percent of the original principal amount for the purposes of calculating interest thereafter. This reduction in principal shall continue to be owed by the borrower, but such amount shall not be entitled to accrue interest thereafter. No interest shall accrue on a title loan 60 days after the borrower has been declared in default, unless the borrower cures such default.

Therefore, SB 91 clarifies that title loans can be renewed even without any action on the part of the borrower, but can be renewed no more than 9 times.

SB 91 also changes RSA 399-A:19, III to make clear that if a borrower fails to pay the required principal reduction under RSA 399-A:19, II, the title loan lender must make a choice to proceed under either section III(a) or III(b), *but not both*. The lender must either:

- (1) Treat nonpayment as an act of default by the borrower. The lender shall reduce the current principal amount of the loan by 10 percent of the original principal amount for purposes of calculating interest thereafter. After 60 days from the declaration of default, interest shall cease, unless the default is cured; or

- (2) Renew the loan and reduce the current principal amount by 10 percent of the original principal amount for purpose of calculating interest thereafter.

## **Conclusion**

On a title loan maturity date, a lender must either (1) declare the borrower in default, or (2) renew the loan. Either way, the lender must reduce the current principal amount of the loan by 10 percent of the original principal amount for the purposes of calculating interest thereafter at each default or every renewal. In regards to a renewal, the borrower does not need to take any action and the lender can renew the loan up to 9 times. After the 9<sup>th</sup> renewal, the balance of the principal accruing interest must be zero. If a default is declared, interest shall cease to accrue 60 days after default has been declared, unless the borrower cures the default within the 60 day time period. If the borrower wishes to cure the default after the 60 day time period, interest may not be charged retroactively from the 60<sup>th</sup> day to the date the default is cured. On the date of cure, the loan will be treated as a renewal.

You are responsible for understanding and complying with all laws, rules and regulations. You must review SB 91 and implement all new statutory requirements before August 7, 2018.

If you have any questions, please contact Maryam Desfosses at (603) 271-3561 or [Maryam.TorbenDesfosses@banking.nh.gov](mailto:Maryam.TorbenDesfosses@banking.nh.gov).