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NEWS RELEASE

FOR IMMEDIATE RELEASE

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CHANGES TO IDAHO LAW AFFECT CONSUMER CREDIT

Amendments Effective July 1, 2002 Provide Benefits to Consumers and Lenders

BOISE, IDAHO – Gavin Gee, Director of the Idaho Department of Finance, announced that amendments to the Idaho Credit Code, effective July 1st, will assist the Department in combating the predatory lending practices of some companies that offer and make loans to Idaho residents. The Credit Code regulates consumer lending in Idaho, and governs credit card issuers, financial institutions, finance companies, payday and title lenders.

Starting July 1, most consumer lenders who solicit or advertise in Idaho must obtain an Idaho regulated lenders license, and the loans will be governed by the Idaho law. Previously, the law only applied to loans if the contract was received by the lender in Idaho. “This new expansion of the law’s ‘territorial application’ will provide greater protection to Idaho consumers,” stated Gee. “The Department will now be able to better respond to and investigate consumer complaints against out-of-state lenders, whether they solicit Idaho consumers through the mail, on the telephone, or by use of the Internet.”

The amendments also give the Department greater enforcement authority against “unconscionable” lending practices. The Department is now able to issue cease and desist orders, or bring an action in court, against unlicensed lenders who engage in fraudulent or unconscionable conduct, and may seek fines in court from any lender who engages in unscrupulous lending activities.

Gee said that Idaho lenders should be pleased by the amendments since the law now requires

NEWS RELEASE

July 1, 2002

Page 2

out-of-state lenders to comply with the same licensing and consumer protection requirements that were already in place for those lenders located in Idaho. “The changes to the Credit Code ‘level the playing field’, and take away any unfair advantage that was enjoyed by lenders in other states who made loans to Idaho citizens,” Gee stated.

Another significant amendment to the Code prohibits Idaho’s cities and counties from enacting laws regarding the financial or lending activities of companies that are otherwise under the jurisdiction of the Department of Finance. Increasingly, in other states, cities and counties are passing laws designed to combat predatory lending practices of some lenders. Gee explained that these local laws create havoc with lenders who are, as a result, subjected to not only the varying laws of each state in which they do business, but also the differing city and county laws. “These laws run the risk of driving some national lenders out of those markets, and denying consumers the advantage of that competition. These changes to the Credit Code should provide greater protection to Idaho consumers, and the industry we regulate,” said Gee.

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