

**NATIONAL CONFERENCE OF STATE LEGISLATURES  
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**PAYDAY LENDING IN THE STATES**

**PAYDAY LENDING IN DELAWARE**

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- Delaware law provides for the State Bank Commissioner to license non-bank lenders who make loans in Delaware to consumers, pursuant to Chapter 22 of Title 5 of the Delaware Code. Most non-bank consumer lenders are licensed under Chapter 22, including mortgage lenders, consumer finance companies, etc. Delaware law does not limit the interest rate of consumer loans made by lenders licensed under Chapter 22. Delaware does not have a separate type of license for payday lenders.
- Lenders licensed in Delaware under Chapter 22 may make Short-Term Consumer Loans (payday loans). About 70 Licensed Lenders in Delaware made these loans in 2012. These licensees are subject to high-cost loan license fee surcharges that fund the Delaware Financial Literacy Education Fund.
- Restrictions on Short-Term Consumer Loans in Delaware are provided in Chapter 22. Among other things, these restrictions limit the number of rollovers, require a one-business-day right of rescission, prohibit a lender from pursuing a criminal complaint against a borrower for non-payment of a check, and require cautionary disclosures to borrowers. Prepayment penalties also are prohibited, and licensees are required to refund unearned interest if the loan is paid off early.
- A new law was enacted this year in Delaware that limits to five (5) the number of Short-Term Consumer Loans, including rollovers, that Licensed Lenders may make to any one borrower in a 12-month period. This new law is effective on January 1, 2013.
- The new law requires Licensed Lenders making Short-Term Consumer Loans to use a database to track these loans. Veritec Solutions has been engaged to operate this database. Veritec operates similar databases for other states, including Alabama, Florida, Illinois, Indiana, Kentucky, Michigan, New Mexico, North Dakota, Oklahoma, South Carolina, Virginia, Washington and Wisconsin.