

THE CITY OF CRANSTON

ORDINANCE OF THE CITY COUNCIL

IN AMENDMENT OF TITLE 5 OF THE CITY OF CRANSTON CODE OF ORDINANCES,
2005, ENTITLED "Business Licenses and Regulations"

Ordinance No. 2024-

Passed:

Jessica Marino, Council President

Approved:

Kenneth J. Hopkins, Mayor

It is ordained by the City of Cranston City Council as follows:

Section 1. Title 5 (Business Licenses and Regulations) is hereby amended by adding the following Chapter and Sections:

Chapter 5, Section 5.57 – SHORT-TERM LENDERS

Sec. 5.571 Definitions

Consumer short-term lender shall mean an individual or business entity engaged in the business of making or arranging short-term loans, other than a state or federally chartered bank, savings bank, or credit union.

Consumer short-term loan shall mean a loan to a borrower which has a principal amount, or an advance on a credit limit, of five-hundred dollars (\$500) or less and requires a minimum repayment within sixty (60) days of loan origination or credit advance of more than 25% of the principal balance or credit advance. For the purposes of this section, each new advance of money to a borrower under a short-term loan agreement constitutes a new short-term loan.

Interested owner shall mean an individual or business entity with ownership interest in a Licensed Consumer Short-Term Lender business. This includes but is not limited to direct owners, subsidiaries, and affiliates of the applicant and/or licensee.

Business entity shall mean any foreign (State or Commonwealth) or domestic legally cognizable business so formed according to law and registered with the Rhode Island Department of State.

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Sec. 5.572 License required for practice

No individual or business entity shall operate, maintain, or otherwise engage in business as a Consumer Short-Term Lender without first obtaining a license to do so as provided in the Chapter.

Sec. 5.573 Application for license

Any individual desiring to operate, maintain, or engage in business as a consumer Short-Term Lender shall make their verified application in writing to the City Clerk upon such forms as the Council from time to time shall require. The application set forth, in addition to other information as may be required by the Council, must include the following:

- i. The name, address, mailing address, telephone number, facsimile number, and email of the applicant.
- ii. The business or trade name, street address, mailing address, telephone number, facsimile number, of the Consumer Short-Term Lender.
- iii. A copy of a current, valid state license held by the Consumer Short-Term Lender pursuant to R.I. Gen. Laws § 19-14.4-1.
- iv. Each application shall also be accompanied by a certified check, money order, cashier's check, or electronic payment in an amount equal to the annual license fee for one year.

The applicant shall be bound by all of the answers and information furnished on the application presented to the City, and any falsification of information requested on said application, or any falsification of any additional information requested by the City in its course of investigation of the applicants, shall be grounds for denial or revocation of said license.

Sec 5.574 License term and fees

A license issued for the operation of a business as a Consumer Short-Term Lender shall be issued for a period of one year and expire on December 31st of each year. The applicant shall pay in advance the fee as established by the City's fee schedule. Such license may thereafter be renewed annually by approval of the City Council.

Sec 5.575 Miscellaneous requirements

A Consumer Short-Term Lender shall make no more than two (2) loans of five-hundred dollars (\$500) or less per person per calendar year.

A Consumer Short-Term Loan requires a minimum repayment within sixty (60) days of loan origination.

93 A Consumer Short-Term Lender must furnish a copy of the written loan contract to each
 94 borrower. The contract and disclosures must contain an itemization of all fees and
 95 charges to be paid by the borrower.
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97 For Consumer Short-Term Loans between \$0-\$500, Consumer Short-Term Lenders may
 98 charge a fee of no more than ten percent (10%) of the amount of the loan, as pursuant to
 99 R.I. Gen. Laws § 19-14.4-4(4).
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101 A Consumer Short-Term Lender shall not extend repayment periods for Consumer
 102 Short-Term Loans on more than one (1) occasion on any original short-term loan
 103 amount. If a Consumer Short-Term Lender grants additional time to repay a Consumer
 104 Short-Term Loan, in no event shall the Consumer Short-Term Lender charge an
 105 additional fee for the extension or increase the balance owed above the original amount.
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107 At no time shall there be more than four (4) Consumer Short-Term Loan businesses
 108 located within the City.
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110 Any licensed issued by the City shall be binding upon all Interested Owners of the
 111 Consumer Short-Term Lender business. An Interested Owner is prohibited from
 112 obtaining an additional license for a separate Consumer Short-Term Lender business.
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114 **Sec. 5.576 Maintenance of records; Annual reports**
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116 A Consumer Short-Term Lender must file an annual report with the City Clerk that is
 117 due no later than the date on which the Lender files its renewal application and no later
 118 than January 30th of the subsequent calendar year. The annual report shall contain the
 119 following information and be in the form of a verified, sworn statement from the
 120 owner's managing principal:
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- 122 1. The total number of Consumer Short-Term Loans issued per calendar year
- 123 2. The total dollar amount, over and above principal, collected on the loans
- 124 3. The average effective annual percentage rate and range of effective annual
 125 percentage rates
- 126 4. The state of origin of the Lender's borrowers

127 **Sec. 5.577 Approval, denial, suspension or revocation of license**
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129 The City Clerk shall be empowered upon and subsequent to City Council approval to
 130 issue licenses to an individual or business entity engaged in business as a Consumer
 131 Short-Term Lender.
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133 Grounds for denying the issuance of or renewal of a license include, but are not limited
 134 to, the following:
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- 136 1. The applicant is under the age of eighteen (18) years old.
- 137 2. The applicant has been adjudged to have violated or convicted, within the past five
 138 (5) years, any violation of any local ordinance or regulation or of any criminal

139 violation of federal, state, or local law; or if the applicant has had a license to operate
140 a business as a Consumer Short-Term Lender suspended or revoked within the
141 preceding twelve (12) months of the date of the application within any State or
142 Commonwealth of the United States.

143 3. The applicant fails to provide any of the information required on the application or
144 provides false/misleading information.

145 4. The applicant is prohibited by federal, state, or local laws, ordinances, or other
146 regulation from holding a license.

147 If a license is mistakenly issued or renewed to or by an individual or business entity, it
148 shall be revoked upon discovery that the individual or business entity was ineligible for
149 the license under this article.

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151 The Council, acting upon reasonable grounds, may suspend or revoke any license to
152 operate a business as a Consumer Short-Term Lender, as defined in this article.

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154 **Sec. 5.578 Violations and penalties**

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156 A conviction of any individual or business entity holding a license to operate a business
157 as a Consumer Short-Term Lender for a violation of this article or any crime related to
158 this occupation by federal, state, or local laws shall be grounds for immediate revocation
159 of this license under the provisions of this article of the Code of Ordinances. The may
160 levy fines in addition to the revocation or suspension of the licensee.

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162 **Section 2.** This ordinance shall take effect upon its final adoption.

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167 Positive Endorsement:

Negative Endorsement: (Attach reasons)

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170 _____
171 City Solicitor

Date

Date

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174 Sponsored by: Councilman Robert Ferri, Councilman John Donegan, and Council President Jessica
175 Marino

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177 Referred to: Safety Services Committee on February 5, 2024

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179 **correction of scrivener's error**