

**ASSEMBLY, No. 5664**

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**STATE OF NEW JERSEY**

**222nd LEGISLATURE**

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INTRODUCED OCTOBER 19, 2026

**Sponsored by:**  
**Assemblyman CHIGOZIE U. ONYEMA**  
**District 28 (Essex and Union)**

**SYNOPSIS**

“Buy Now Pay Later Act”; regulates buy now pay later lenders.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning buy now pay later lenders and supplementing  
2 Title 17 of the Revised Statutes.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. As used in this act:

8 “Authorized buy now pay later lender” means a buy now pay  
9 later lender authorized by the commissioner pursuant to section 2 of  
10 this act.

11 “Commissioner” means the Commissioner of Banking and  
12 Insurance.

13 “Consumer” means an individual who is a resident of this State.

14 “Buy now pay later loan” means closed-end credit provided to a  
15 consumer in connection with the consumer's particular purchase of  
16 goods or services, other than a motor vehicle as defined pursuant to  
17 section 1 of P.L.1955, c.25 (C.39:1-1). A “buy now pay later  
18 loan” does not include credit where the creditor is the seller of the  
19 goods or services, unless it is credit pursuant to an agreement  
20 whereby, at a consumer's request, the creditor purchases a specific  
21 good or service from a seller and resells the specific good or  
22 service to the consumer on closed-end credit. “Buy now pay later  
23 loan” shall include the following categories of buy now pay later  
24 loans:

25 (1) a buy now pay later zero-interest loans that is payable in one  
26 or more installments without any interest or finance charge;

27 (2) a buy now pay later installment loan that has interest or  
28 finance charges; and

29 (3) any other subset of buy now pay later loans that the  
30 commissioner may classify as a separate category by regulation.

31 “Buy now pay later lender” means a person who offers to make a  
32 buy now pay later loan by extending credit directly to a consumer  
33 or is operating a platform, software or system with which a  
34 consumer interacts and the primary purpose of which is to allow  
35 third parties to offer buy now pay later loans, or both. A person  
36 shall not be considered a buy now pay later lender on the basis of  
37 isolated, incidental, or occasional transactions which otherwise  
38 meet the definitions of this section.

39 “Exempt organization” means any national bank, federal savings  
40 bank, federal savings and loan association, federal credit union,  
41 federal trust company, or foreign banking corporation authorized to  
42 transact business in this State.

43 “Licensee” means a person who has been issued a license  
44 pursuant to section 2 of this act.

45 “Person” means an individual, partnership, corporation,  
46 association or any other business organization.

1       2. a. A person or other entity, except an exempt organization  
2 or an authorized buy now pay later lender as defined pursuant to  
3 this act, shall not act as a buy now pay later lender without first  
4 obtaining a license from the commissioner.

5       (1) An application for a license shall be in writing, under oath,  
6 and in a form and manner as the commissioner shall require.

7       (2) At the time of filing an application for a license, an applicant  
8 shall pay the commissioner a fee as prescribed by the  
9 commissioner.

10       (3) A license granted under this act shall be valid unless revoked  
11 or suspended by the commissioner or unless surrendered by the  
12 licensee and accepted by the commissioner.

13       (4) No licensee or authorized buy now pay later lender shall be  
14 permitted to engage in lending of any category of buy now pay later  
15 loan not captured under the term “buy now pay later loan” pursuant  
16 to section 1 of this act without permission from the commissioner to  
17 do so.

18       (5) The commissioner shall establish a process by which a  
19 licensee or authorized lender may obtain permission to update  
20 categories of buy now pay later loans which the licensee or lender is  
21 permitted to offer under this act, provided that a single license or  
22 authorization may include multiple categories of buy now pay later  
23 loans. A license or authorization granted under this act shall  
24 specify the eligible buy now pay later loans and shall be limited to  
25 categories of lending in which the lender has been licensed or  
26 authorized by the commissioner to engage. Buy now pay later  
27 lenders shall not be required to obtain more than one license or  
28 authorization for multiple categories of lending. A licensed or  
29 authorized buy now pay later lender shall clearly and conspicuously  
30 disclose to consumers its license or authorization status in  
31 accordance with section 4 of this act.

32       (6) In connection with an application for a license, the applicant  
33 shall submit an affidavit of financial solvency, including financial  
34 statements, noting capitalization requirements and access to credit  
35 or other affirmation or information as may be prescribed by the  
36 regulations of the commissioner for specific categories of buy now  
37 pay later loans. The applicant shall also submit policies and  
38 procedures for underwriting buy now pay later loans.

39       b. Any banking organization authorized to transact business in  
40 this State or originating buy now pay later loans from a branch in  
41 this State pursuant to section 1 of P.L.1948, c.67 (C.17:9A-1 et  
42 seq.), or a licensed lender licensed by the commissioner pursuant to  
43 the “New Jersey Consumer Finance Licensing Act,” P.L.1996,  
44 c.157 (C.17:11C-1 et seq.), other than an exempt organization,  
45 shall obtain the commissioner’s prior written authorization to act as  
46 a buy now pay later lender for specific categories of buy now pay  
47 later loans. The commissioner shall establish a process by which an  
48 entity described in this section may request authorization to act as a

1 buy now pay later lender, which process shall include, but not be  
2 limited to:

3 (1) requirements that the entity requesting the authorization  
4 submit a written plan describing the proposed buy now pay later  
5 lending;

6 (2) proposed policies and procedures by the entity for  
7 complying with the provisions of this act; and

8 (3) the impact of proposed buy now pay later lending on the  
9 overall business of the entity.

10 The commissioner shall establish a process for withdrawing an  
11 authorization to act as a buy now pay later lender.

12

13 3. a. After the filing of an application for a license  
14 accompanied by payment of the fee proscribed pursuant to section 2  
15 of this act, the application shall be substantively reviewed. After  
16 the application is deemed sufficient and complete, if the  
17 commissioner finds that the financial responsibility, including  
18 meeting any capital requirements as established pursuant to  
19 subsection c. of this section, experience, character and general  
20 fitness of the applicant or any person associated with the applicant  
21 are as to command the confidence of the community and to warrant  
22 the belief that the business will be conducted honestly, fairly and  
23 efficiently within the purposes and intent of this act, the  
24 commissioner shall issue the license. For the purpose of this  
25 subsection, the applicant shall be deemed to include all the  
26 members of the applicant if it is a partnership or other association,  
27 and all the stockholders, officers and directors of the applicant if it  
28 is a corporation.

29 (1) A license issued under this act shall state the name and  
30 address of the licensee, and if the licensee is a co-partnership or  
31 association, the names of the members, and for a corporation, the  
32 date and place of its incorporation.

33 (2) A license issued under this act shall be kept conspicuously  
34 posted on the mobile, application, Internet website, or other  
35 consumer interface of the licensee, as well as listed in the terms and  
36 conditions of any buy-now-pay-later loan offered or entered into by  
37 the licensee. The commissioner may provide by regulation an  
38 alternative form of notice of licensure.

39 (3) A license issued under this act shall not be transferable or  
40 assignable.

41 b. If the commissioner refuses to issue a license, the  
42 commissioner shall notify the applicant of the denial and retain the  
43 fee paid pursuant to paragraph (2) of subsection a. of section 2 of  
44 this act.

45 c. The commissioner shall, pursuant to the "Administrative  
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules  
47 and regulations establishing capital requirements to ensure the  
48 solvency and financial integrity of licensees and the ongoing

1 operations of licensees, taking into account the risks, volume of  
2 business, complexity, and other relevant factors regarding licensees.  
3 Pursuant to this subsection, the commissioner may promulgate rules  
4 and regulations prescribing a methodology to calculate capital  
5 requirements with respect to licensees or categories thereof.

6  
7 4. . a. It shall be a violation of this act except with the prior  
8 approval of the commissioner for any action to be taken which  
9 results in a change of control of the business of a licensee. Prior to  
10 any change of control, the person desirous of acquiring control of  
11 the business of a licensee shall make written application to the  
12 commissioner and pay an investigation fee as prescribed by the  
13 commissioner. The application shall contain such information as  
14 the commissioner, by regulation, may prescribe as necessary or  
15 appropriate for the purpose of making the determination required by  
16 subsection b. of this section.

17 b. The commissioner shall approve or disapprove the proposed  
18 change of control of a licensee pursuant to section 3 of this act.

19 c. For a period of six months from the date of qualification  
20 thereof and for an additional period of time as the commissioner  
21 may prescribe, in writing, the provisions of subsections a. and b. of  
22 this section shall not apply to a transfer of control by operation of  
23 law to the legal representative of one who has control of a license.  
24 After the six-month period, the legal representative shall comply  
25 with the provisions of subsection a. and b. of this section. The  
26 provisions of subsection a. and b. of this section shall be application  
27 to an application made under the section by a legal representative.

28 d. As used in this section:

29 "Control" means the possession, directly or indirectly, of the  
30 power to direct or cause the direction of the management and  
31 policies of a licensee, whether through the ownership of voting  
32 stock of the licensee, the ownership of voting stock of any person  
33 which possesses the power or otherwise. Control shall be presumed  
34 to exist if any person, directly or indirectly, owns, controls, or holds  
35 with power to vote 10 percent or more of the voting stock of any  
36 licensee or of any person which owns, controls, or holds with power  
37 to vote 10 percent or more of the voting stock of any licensee, but  
38 no person shall be deemed to control a licensee solely by reason of  
39 being an officer or director of the licensee or person. The  
40 commissioner may in the commissioner's discretion, upon the  
41 application of a licensee or any person who, directly or indirectly,  
42 owns, controls, or holds with power to vote or sets to own, control,  
43 or hold with power to vote any voting stock of the licensee,  
44 determine whether or not the ownership, control, or holding of the  
45 voting stock constitute or would constitute control of the licensee  
46 for purposes of this section.

47 "Legal representative" means one duly appointed by a court of  
48 competent jurisdiction to act as an executor, administrator, trustee,

1 committee, conservator, or receiver, including one who succeeds a  
2 legal representative and one acting in an ancillary capacity thereto  
3 in accordance with the provisions of the court appointment.

4  
5 5 a. A license granted under this act may be revoked or  
6 suspended by the commissioner upon a finding that:

7 (1) the licensee has violated any applicable law or regulation;

8 (2) any fact or condition exists which, if it had existed at the  
9 time of the original application for such license, would have  
10 warranted the commissioner's refusal to issue the license; or

11 (3) the licensee has failed to pay any sum of money lawfully  
12 demanded by the commissioner or to comply with any demand,  
13 ruling, or requirement of the commissioner.

14 b. A licensee may surrender a license by delivering to the  
15 commissioner written notice that the licensee thereby surrenders the  
16 license. A surrender shall be effective upon its acceptance by the  
17 commissioner and shall not affect the licensee's civil or criminal  
18 liability for acts committed prior to the surrender.

19 c. Every license issued under this act shall remain in force and  
20 effect until the same shall have been surrendered, revoked, or  
21 suspended, in accordance with the provisions of this act, but the  
22 commissioner shall have the authority to reinstate a suspended  
23 license or issue a new license to a licensee whose license has been  
24 revoked if a fact or condition does not exist which would have  
25 warranted the commissioner's refusal to issue a license.

26 d. The commissioner may, for good cause, without notice and  
27 hearing, suspend any license issued under this act for a period not  
28 exceeding 30 days, pending investigation. As used in this  
29 subsection, good cause shall exist only when the licensee has  
30 engaged in or is likely to engage in a practice prohibited by this act  
31 or the rules and regulation promulgated thereunder or engages in  
32 dishonest or inequitable practices which may cause substantial harm  
33 to the public.

34 e. No revocation, suspension, or surrender of any license shall  
35 impair or affect any pre-existing lawful contracts between the  
36 licensee and a borrower.

37  
38 6. a. The commissioner shall have the power to investigate as  
39 the commissioner shall deem necessary to determine whether any  
40 buy now pay later lender or any other person has violated a  
41 provision of this act or any other applicable law, or whether any  
42 licensee has conducted itself in a manner as would justify the  
43 revocation of its license, and to the extent necessary, the  
44 superintendent may require the attendance of and examine any  
45 person under oath, and shall have the power to compel the  
46 production of all relevant books, records, accounts, and documents.

47 b. The commissioner shall have the power to make  
48 examinations of the books, records, accounts and documents used in

1 the business of any licensee as the commissioner shall deem  
2 necessary to determine whether the licensee has violated any State  
3 lending laws or any other applicable law or to secure information  
4 lawfully required by the commissioner.

5  
6 7. a. A buy now pay later lender shall keep and use in its  
7 business any books, accounts, and records as will enable the  
8 commissioner to determine whether the buy now pay later lender is  
9 complying with the provisions of this act and with the rules and  
10 regulations promulgated by the commissioner. Every buy now pay  
11 later lender shall preserve any books, accounts and records for at  
12 least seven years after making the final entry in respect to any buy  
13 now pay later loan recorded; provided, however, that the  
14 preservation of photographic or digital reproductions or records in  
15 photographic or digital form shall constitute compliance with this  
16 requirement.

17 b. By a date to be set by the commissioner, each licensee shall  
18 annually file a report with the commissioner giving any information  
19 as the commissioner may require concerning the licensee's business  
20 and operations during the preceding calendar year within the State  
21 under the authority of this act. The report shall be subscribed and  
22 affirmed as true by the licensee under penalty of perjury and be in a  
23 form prescribed by the commissioner. In addition to the annual  
24 reports, the commissioner may require of a licensee any additional  
25 regular or special reports as the commissioner may deem necessary  
26 for the proper supervision of licensees under this act. Any  
27 additional reports shall be in a form prescribed by the commissioner  
28 and shall be subscribed and affirmed as true under penalty of  
29 perjury with the provisions of this act and with the rules and  
30 regulations promulgated by the commissioner thereunder.

31  
32 8. a. A buy now pay later lender shall not take or cause to be  
33 taken any confession of judgment or any power of attorney to  
34 confess judgment or to appear for the consumer in a judicial  
35 proceeding.

36 b. A buy now pay later lender shall not:

37 (1) employ any scheme, device, or artifice to defraud or mislead  
38 a borrower;

39 (2) engage in any deceptive or unfair practice toward any person  
40 or misrepresent or omit any material information in connection with  
41 buy now pay later loans, including, but not limited to,  
42 misrepresenting the amount, nature, or terms of any fee or payment  
43 due or claimed to be due on the loan, the terms and conditions of the  
44 loan agreement or the borrower's obligations under the loan;

45 (3) misapply payments to the outstanding balance of any buy  
46 now pay later loan or to any related fees;

47 (4) provide inaccurate information to a consumer reporting  
48 agency; or

1 (5) make any false statement or make any omission of a material  
2 fact in connection with any information or reports filed with a  
3 department or agency or in connection with any investigation  
4 conducted by the commissioner or another department or agency.

5 c. A buy now pay later lender shall comply with all applicable  
6 federal laws and regulations. In addition to any other remedies  
7 provided by law, a violation of any federal law or regulation by a  
8 buy now pay later lender shall be deemed a violation for the  
9 purposes of section 11 of this act.

10  
11 9. a. A buy now pay later lender shall not:

12 (1) charge interest unless the rate of interest to be charged is  
13 allowable pursuant to its license or authorization;

14 (2) charge interest unless the rate of interest to be charged is  
15 clearly disclosed and agreed to by the consumer; or

16 (3) directly or indirectly charge, contract for, or receive any  
17 interest, discount, or consideration upon the loan, use, forbearance  
18 of money, goods, or things, or inaction, or upon the loan, use, or  
19 sale of credit greater than the maximum set by the commissioner  
20 pursuant to this section, but in no case greater than the rate  
21 permitted by N.J.S.2C:21-19 or section 1 of P.L.1953, c.150  
22 (C.31:1-1).

23 b. The commissioner shall establish a maximum cumulative  
24 amount of all charges and fees that a buy now pay later lender can  
25 charge a consumer in connection with each category of buy now  
26 pay later loans. The commissioner shall also establish a maximum  
27 amount or percentage for total specific charges or fees in  
28 connection with origination, late payment, default or any other  
29 violation of the buy now pay later loan agreement, that a buy now  
30 pay later lender may charge a consumer for each category of buy  
31 now pay later loans. Any such fee or charge shall not be collected  
32 more than once for a single late payment, default, or other violation  
33 of the buy now pay later loan agreement. The commissioner's  
34 authority to establish a maximum amount or percentage for total  
35 specific charges or fees pursuant to this subsection shall also  
36 include the authority to prohibit a specific charge or fee.

37 c. The commissioner shall promulgate rules and regulations,  
38 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
39 (C.52:14B-1 et seq.), regarding the manner of charging interest and  
40 fees as prescribed in this section.

41  
42 10. a. A buy now pay later lender shall disclose or cause to be  
43 disclosed to consumers the terms of buy now pay later loans,  
44 including, without limitation, the cost, such as interest and fees,  
45 repayment schedule, the means by which a consumer may dispute  
46 billing practices, whether the transaction will or will not be reported  
47 to a credit reporting agency, and other material conditions, in a  
48 clear and conspicuous manner. Disclosures shall comply with

1 applicable federal regulations, including but not limited to 12  
2 C.F.R. s. 1026.1 et seq.

3 b. Subject to regulations to be promulgated by the  
4 commissioner, a buy now pay later lender shall, before providing or  
5 causing to be provided a buy now pay later loan to a consumer,  
6 perform or cause to be performed reasonable risk-based  
7 underwriting. A buy now pay later lender shall maintain or cause to  
8 be maintained policies and procedures for underwriting buy now  
9 pay later loans, and shall disclose factors considered in the  
10 underwriting process, in a clear and conspicuous manner to the  
11 consumer. A buy now pay later lender shall not collect, evaluate,  
12 report, or maintain in a borrower's file the credit worthiness, credit  
13 standing, or credit capacity of members of the borrower's social  
14 network for purposes of determining the credit worthiness of the  
15 borrower; the average credit worthiness, credit standing, or credit  
16 capacity of members of the borrower's social network; or any group  
17 score that is not the borrower's own credit worthiness, credit  
18 standing, or credit capacity.

19 c. A buy now pay later lender shall maintain or cause to be  
20 maintained policies and procedures for maintaining accurate data  
21 that may be reported to credit reporting agencies. A buy now pay  
22 later lender shall not share consumer data in a manner inconsistent  
23 with this act and regulations promulgated thereunder.

24 d. A buy now pay later lender shall provide or cause to be  
25 provided refunds or credits for goods or services purchased in  
26 connection with a buy now pay later loan, if the consumer requests  
27 and is entitled to a refund, in a manner that is fair, transparent, and  
28 not unduly burdensome to consumers. A buy now pay later lender  
29 shall maintain or cause to be maintained policies and procedures to  
30 provide the refunds or credits. The policies and procedures shall be  
31 fair, transparent, and not unduly burdensome to the consumer. A  
32 buy now pay later lender shall disclose or cause to be disclosed to  
33 consumers, in a clear and conspicuous manner, the process by  
34 which they can obtain refunds or credits for goods or services they  
35 have purchased in connection with a buy now pay later loan.

36 e. A buy now pay later lender shall resolve or cause to be  
37 resolved disputes in a manner that is fair and transparent to  
38 consumers. A buy now pay later lender shall create or cause to be  
39 created a readily available and prominently disclosed method for  
40 consumers to bring a dispute to the buy now pay later lender. A  
41 buy now pay later lender shall maintain policies and procedures for  
42 handling consumer disputes. The commissioner may, pursuant to  
43 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1  
44 et seq.), promulgate rules and regulations regarding treatment of  
45 unauthorized use, so that consumers are liable for use of buy now  
46 pay later loans in their name only under circumstances where that  
47 liability would be fair and reasonable. A buy now pay later lender  
48 shall apply to buy now pay later loans the dispute rights and

1 unauthorized charges requirements that apply to credit cards under  
2 the federal “Truth in Lending Act,” (15 U.S.C. ss. 1643, 1666,  
3 1666a, 1666i), regardless of whether that law applies to buy now  
4 pay later loans or whether the buy now pay later lender offers a  
5 credit card within the scope of that law; provided, however, that a  
6 buy now pay later lender shall be subject to all claims and defenses  
7 arising out of any transaction in which a buy now pay later loan is  
8 the method of payment regardless of the location where the initial  
9 transaction occurred.

10 f. A buy now pay later lender may use, sell, or share the data  
11 of a consumer, other than in connection with the making of a  
12 particular buy now pay later loan to the consumer, only with the  
13 consumer's consent. A consumer's consent shall not be required by  
14 a buy now pay later lender as a condition of receiving a buy now  
15 pay later loan. A buy now pay later lender shall disclose or cause to  
16 be disclosed to a consumer in a clear and conspicuous manner how  
17 the consumer's data may be used, shared, or sold by the buy now  
18 pay later lender before obtaining the consumer's consent and also  
19 shall disclose or cause to be disclosed to the consumer in a clear  
20 and conspicuous manner how the consumer may subsequently  
21 withdraw consent to the use, sharing, or sale of the consumer's data.  
22 A buy now pay later lender shall delete or cause to be deleted the  
23 data for which consent was withdrawn. The commissioner may by  
24 regulation prohibit certain uses of consumer data. A buy now pay  
25 later lender shall maintain policies and procedures regarding its use,  
26 sale, and sharing of consumers' data. Nothing in this subdivision  
27 shall preclude a buy now pay later lender from using information in  
28 accordance with the federal “Fair Credit Reporting Act” (15 U.S.C.  
29 s.1681 et seq.) or furnishing credit reporting data to a credit  
30 reporting agency.

31 g. Any buy now pay later loan made by a person not licensed  
32 or authorized under this act, other than an exempt organization,  
33 shall be void, and that person shall have no right to collect or  
34 receive any principal, interest, or charge related to that loan.

35 h. Nothing in this section shall be construed to limit the  
36 obligations of a buy now pay later lender to comply with any other  
37 applicable laws or regulations. Any protections, rights and  
38 remedies provided in this section to a consumer with respect to an  
39 agreement with a buy now pay later lender shall be intended to  
40 supplement and not be exclusive of any protections, rights and  
41 remedies otherwise available pursuant to any other law or  
42 regulations.

43

44 11. a. A person, including any member, officer, director or  
45 employee of a buy now pay later lender, who violates or  
46 participates in the violation of section 2 of this act, or who  
47 knowingly makes any incorrect statement of a material fact in any  
48 application, report, or statement filed pursuant to this act, or who

1 knowingly omits to state any material fact necessary to provide the  
2 commissioner any information lawfully required by the  
3 commissioner or refuses to permit any lawful investigation or  
4 examination, shall be a disorderly person.

5 b. (1) Without limiting any power granted to the commissioner  
6 under any other State law, the commissioner may, in a proceeding  
7 after notice and a hearing, require a buy now pay later lender,  
8 whether or not a licensee, to pay a penalty for any violation of this  
9 act, any rule or regulation promulgated thereunder any condition  
10 imposed in writing by the commissioner in connection with the  
11 grant of any application or request, or any written agreement  
12 entered into with the commissioner, and for knowingly making any  
13 incorrect statement of a material fact in any application, report or  
14 statement filed pursuant to this act, or knowingly omitting to State  
15 any material fact necessary to give the commissioner any  
16 information lawfully required by the commissioner or refusing to  
17 permit any lawful investigation or examination.

18 (2) The commissioner shall not impose or collect any penalty  
19 for an act or omission constituting a violation of this act if the  
20 commissioner imposes or collects any penalty pursuant to another  
21 provision of State law for the same act or omission.

22 (3) The commissioner shall not impose or collect a penalty for  
23 an act or omission constituting a violation of this act by a buy now  
24 pay later lender more than once for the same act or omission, where  
25 the entity extending credit directly to a consumer is different from  
26 the entity operating a platform, software, or system with which the  
27 consumer interacts, unless both entities are found to have  
28 knowingly committed the same act or omission.

29 c. A person who is not a buy now pay later lender licensed or  
30 authorized under this act shall not make, directly or indirectly,  
31 orally or inwriting, or by any method, practice, or device, a  
32 representation that a person is licensed or authorized under this act.

33 d. Any penalties imposed pursuant to this section shall be  
34 collected by the commissioner in a summary proceeding pursuant to  
35 the "Penalty Enforcement Act of 1999," P.L.1999, c.274 (C.2A:58-  
36 10 et seq.).

37 e. Any person may institute an action for relief against a buy  
38 now pay later lender in a court of competent jurisdiction upon a  
39 violation of any of the provisions of this act on the person's own  
40 behalf, on behalf of similarly situated consumers, or on behalf of  
41 the general public. In any action under this subsection the court  
42 shall, in addition to any other appropriate legal or equitable relief,  
43 award threefold the damages sustained by the person, or \$1,500,  
44 whichever is greater. In all actions under this subsection, the court  
45 shall also award reasonable attorneys' fees, filing fees, and  
46 reasonable costs of suit.



1 commissioner finds that the applicant or any person associated with  
2 the applicant are as to command the confidence of the community  
3 and to warrant the belief that the business will be conducted  
4 honestly, fairly and efficiently within the purposes and intent of the  
5 bill, the commissioner will issue the license. A license issued under  
6 this bill is required to be kept conspicuously posted on the mobile,  
7 application, Internet website, or other consumer interface of the  
8 licensee, as well as listed in the terms and conditions of any buy  
9 now pay later loan offered or entered into by the licensee. The  
10 commissioner may provide by regulation an alternative form of  
11 notice of licensure.

12 Under the bill, no action can be taken, except with the prior  
13 approval of the commissioner, which results in a change of control  
14 of the business of a licensee. Prior to any change of control, the  
15 person desirous of acquiring control of the business of a licensee is  
16 required to make written application to the commissioner and pay  
17 an investigation fee as prescribed by the commissioner. The  
18 application will contain the information as the commissioner, by  
19 regulation, may prescribe as necessary or appropriate for the  
20 purpose of making the determination. The commissioner is required  
21 to approve or deny. A legal representative of a license holder, who  
22 has taken control of the license on behalf of the license holder, is  
23 not required to make an application to the commissioner for six  
24 months.

25 The bill stipulates that licenses may be revoked or suspended by  
26 the commissioner upon finding that:

- 27 (1) the licensee has violated any applicable law or regulation;  
28 (2) any fact or condition exists which, if it had existed at the  
29 time of the original application for such license, clearly would have  
30 warranted the commissioner's refusal to issue the license; or  
31 (3) the licensee has failed to pay any sum of money lawfully  
32 demanded by the commissioner or to comply with any demand,  
33 ruling, or requirement of the commissioner.

34 Every license issued under the bill will remain in force and effect  
35 until the same shall have been surrendered, revoked, or suspended,  
36 but the commissioner will have the authority to reinstate suspended  
37 licenses or to issue a new license to a licensee whose license has  
38 been revoked if no fact or condition exists which clearly would  
39 warrant the commissioner's refusal to issue a license. The  
40 commissioner may also, for good cause and without notice and  
41 hearing, suspend any license issued under the bill for a period not  
42 exceeding 30 days, pending investigation.

43 The bill also provides that the commissioner will have the power  
44 to make such investigations as the commissioner deems necessary  
45 to determine whether any buy now pay later lender or any other  
46 person has violated any of the provisions of the bill or any other  
47 applicable law, or whether any licensee has conducted itself in a  
48 manner as would justify the revocation of its license. By a date to

1 be set by the commissioner, each licensee must annually file a  
2 report with the commissioner giving such information as the  
3 commissioner may require concerning the licensee's business and  
4 operations during the preceding calendar year within the State. The  
5 report will be subscribed and affirmed as true by the licensee under  
6 penalty of perjury and be in a form prescribed by the commissioner.

7 Under the bill, no buy now pay later lender may:

8 (1) employ any scheme, device, or artifice to defraud or mislead  
9 a borrower;

10 (2) engage in any deceptive or unfair practice toward any person  
11 or misrepresent or omit any material information in connection with  
12 buy now pay later loans;

13 (3) misapply payments to the outstanding balance of any buy  
14 now pay later loan or to any related fees;

15 (4) provide inaccurate information to a consumer reporting  
16 agency; or

17 (5) make any false statement or make any omission of a material  
18 fact in connection with any information or reports filed with a  
19 department or agency or in connection with any investigation  
20 conducted by the commissioner or another department or agency.

21 The bill also regulates the interest to be charged by buy now pay  
22 later lenders. The bill prohibits buy now pay later lenders from  
23 charging interest unless the rate of interest to be charged is  
24 allowable pursuant to the lender's license or authorization and  
25 establishes a maximum cumulative amount of all charges and fees  
26 that a buy now pay later lender can charge a consumer in  
27 connection with each category of buy now pay later loans. The bill  
28 also gives the commissioner the authority to establish a maximum  
29 amount or percentage for total specific charges or fees in  
30 connection with origination, late payment, default, or any other  
31 violation of the buy now pay later loan agreement, and the authority  
32 to prohibit a specific charge or fee.

33 Further, under the bill, buy now pay later lenders are required to  
34 disclose loan terms, perform reasonable risk-based underwriting,  
35 maintain accurate credit reporting data, and provide fair and  
36 transparent refund and dispute procedures. Lenders are prohibited  
37 from assessing borrowers using members of the borrower's social  
38 network for purposes of determining the credit worthiness of the  
39 borrower and requires lenders to apply specified federal credit card  
40 protections concerning disputes and unauthorized charges,  
41 regardless of whether those protections otherwise apply.

42 The bill stipulates that buy now pay later lenders must obtain  
43 consent before using, selling, or sharing consumer data beyond a  
44 particular loan, subject to exceptions for uses permitted under the  
45 federal "Fair Credit Reporting Act" or furnishing credit reporting  
46 data to a credit reporting agency. A consumer's data will not be  
47 required by a buy now pay later lender as a condition to receive a  
48 buy now pay later loan and lenders must disclose data practices and

1 procedures for withdrawing consent. Consumer data for which  
2 consent was given but subsequently withdrawn must be deleted.  
3 Loans made by unauthorized persons, other than exempt  
4 organizations, are void, and those persons may not collect principal,  
5 interest, or charges.  
6 Finally, the bill establishes that specified violations of its  
7 provisions constitute a disorderly persons offense, authorizes other  
8 administrative penalties, and permits private causes of action. A  
9 disorderly persons offense is punishable by a term of imprisonment  
10 of up to six months, a fine not to exceed \$1,000, or both. The  
11 commissioner is required under the bill to adopt regulations  
12 protecting consumers, ensuring buy now pay later lenders' financial  
13 integrity, addressing unfair or deceptive practices, and  
14 implementing the bill while considering conflicting State laws.