**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 33 TO TITLE 37 ENTITLED THE “SOUTH CAROLINA PREDATORY PRACTICE PROTECTION ACT” SO AS TO PROHIBIT AN AGENT OF A FOR‑PROFIT COLLEGE FROM ADVERTISING WITHOUT PROVIDING CERTAIN INFORMATION, TO REQUIRE THE SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS TO CONDUCT AN ANNUAL AUDIT OF A FOR‑PROFIT COLLEGE, TO PROVIDE THAT THE DEBT A STUDENT INCURS AT A FOR‑PROFIT COLLEGE CANNOT BE USED AGAINST A PUBLIC COLLEGE OR TECHNICAL SCHOOL FOR ACCREDITATION PURPOSES, TO REQUIRE A SHORT‑TERM LOAN LENDER TO PROVIDE A FINANCIAL LITERACY COURSE BEFORE MAKING A SHORT‑TERM LOAN OR UNDERTAKING COLLECTION ACTIONS AFTER A DEFAULT ON A SHORT‑TERM LOAN, TO REQUIRE A LENDER TO ESTABLISH A GOOD FAITH BELIEF THAT THE BORROWER CAN AFFORD THE SHORT‑TERM LOAN BASED ON CERTAIN FACTORS, TO SET A LIMIT FOR THE ANNUAL PERCENTAGE RATE FOR A SHORT‑TERM LOAN, AND TO PROVIDE PENALTIES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 37 of the 1976 Code is amended by adding:

“CHAPTER 33

South Carolina Predatory Practice Protection Act

Article 1

For‑Profit Colleges

Section 37‑33‑10. For the purposes of this article:

(1) ‘Degree’ includes, but is not limited to, any academic credential or designation not less than, but including associate, bachelor, master, doctor, or fellow, whether earned or honorary, which signifies, purports, or is generally taken to signify partial or satisfactory completion of the requirements of an academic, occupational, business, or other program of study beyond the secondary school level.

(2) ‘Department’ means the South Carolina Department of Consumer Affairs.

(3) ‘Distance education’ means the transmission of instruction to students as a location separate from the institution.

(4) ‘For‑profit college’ means an accredited private postsecondary educational institution that:

(a) derives no less than fifteen percent of its revenues from sources other than state or federal student aid or educational assistance funds;

(b) operates its main campus, branch campus, satellite campus, or operates without a physical presence in this State by offering a distance education to South Carolina students for an institutional charge; and

(c) offers:

(i) an eligible program of training to prepare students for gainful employment; or

(ii) a program that would confer a degree upon the student as defined in this section.

(5) ‘Program’ means an organized unit of subject matter in which instruction is offered within a given time and for which credit is given toward completion of training toward a predetermined occupational or academic credential.

Section 37‑33‑20. An agent or salesman acting on behalf of a for‑profit college operating in this State may not attempt to solicit to a potential applicant unless:

(1) the full price of the program or degree program is discussed or displayed on the for-profit college’s webpage. The for‑profit college may show the price broken down by quarter or semester, but they must show the full cost on the same webpage; and

(2) the representatives of the for‑profit college are able to answer questions regarding:

(a) the programs or degree programs offered by the college and the cost of the program;

(b) the employment opportunities available with each program or degree program and the percentage of the previous three years graduates employed in that field; and

(c) the expected income of an employment opportunity available with a program or degree program.

Section 37‑33‑30. (A) The department shall conduct an annual audit of each for‑profit college to verify that the for‑profit college is not publishing false or misleading data regarding the:

(1) graduation rates;

(2) overall tuition costs for each degree program;

(3) tuition increases; and

(4) job placement percentage for each degree program.

(B) The department shall retain the audit and related documents on the for‑profit college for a minimum of five years. The department must keep the documents privileged so as to protect any proprietary information.

Section 37‑33‑40. The debt accrued by a student who attends but does not graduate from a for‑profit college and then completes his degree at another educational institution may not be considered by an accreditation agency against the other educational institution when considering the debt profiles of the institution’s graduates.

Section 37‑33‑50. The provisions of this article are in addition to and not in lieu of any other provisions of law governing education including the provisions of Title 59.

Section 37‑33‑60. A for‑profit college who violates the provisions of this article may be fined not more than five thousand dollars for each occurrence.

Article 3

Short‑term Loans

Section 37‑33‑100. For the purposes of this article:

(1) ‘Department’ means the South Carolina Department of Consumer Affairs.

(2) ‘Short term loan’ means a nonpurchase money consumer loan with an original repayment term of less than one hundred and twenty days. The loan may be secured by a motor vehicle or the borrower’s future income.

Section 37‑33‑110. Prior to making a short‑term loan or undertaking certain collection actions if the consumer defaults, the lender must provide a financial literacy course approved by the department to the potential borrower. The course may be provided to the borrower in an online format or in person.

Section 37‑33‑120. (A) Before making a short‑term loan, a lender shall form a good faith belief that the borrower has the ability to repay the loan, considering the borrower’s employment, monthly income, or other monthly expenses compared to the loan’s repayment obligation.

(B) The lender may not make a short‑term loan:

(1) with an annual percentage rate in excess of thirty six percent; or

(2) in a principal amount greater than the fair market retail value of the motor vehicle securing the loan or greater than two times the borrower’s monthly income, as applicable.

Section 37‑33‑130. The provisions of this article are in addition to and not in lieu of any other provisions of law governing consumer loans including the provisions of Chapter 3, Title 37.

Section 37‑33‑140. A lender who violates the provisions of this article may be fined not more than one thousand dollars for each occurrence.”

SECTION 2. This act takes effect upon approval by the Governor.

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