

By: Representative Stribling (By Request)

To: Banks and Banking

HOUSE BILL NO. 1200

1 AN ACT TO CREATE NEW SECTION 75-67-108, MISSISSIPPI CODE OF
2 1972, TO AUTHORIZE SMALL LOAN LICENSEES TO SELL NONCREDIT PRODUCTS
3 THAT ARE NOT RELATED TO ANY LOAN OR EXTENSION OF CREDIT MADE BY
4 THE LICENSEE, IF CERTAIN CONDITIONS ARE MET; TO AMEND SECTION
5 75-67-121, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING
6 PROVISION; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 SECTION 1. The following shall be codified as Section
9 75-67-108, Mississippi Code of 1972:

10 75-67-108. (1) In addition to engaging in the business of
11 handling loans, lending money and exercising any other powers
12 authorized under this article, any licensee under this article
13 shall be authorized to sell noncredit products, including, but not
14 limited to, automobile club services and accidental death and
15 dismemberment insurance, that are not related to any loan or
16 extension of credit made by the licensee, if the following
17 conditions are met:

18 (a) The licensee shall not require the purchase of the
19 noncredit product as a condition of receiving any loan or other
20 extension of credit from the licensee;

21 (b) The licensee shall not make the customer's ability
22 to obtain any current or future loan or other extension of credit
23 from the licensee contingent upon the customer's agreement to
24 purchase the noncredit product or otherwise transact business with
25 the licensee; and

26 (c) The licensee shall allow the customer to pay the
27 cost of the noncredit product using funds other than the proceeds
28 of a loan obtained from the licensee, or have the cost of the

29 noncredit product deducted from the proceeds of any loan obtained
30 from the licensee.

31 (2) The licensee shall disclose in writing to the customer
32 of any noncredit product the provisions of subsection (1) of this
33 section and the full cost to the customer of purchasing the
34 noncredit product.

35 (3) The Commissioner of Banking and Consumer Finance shall
36 enforce the provisions of this section, and he may adopt
37 reasonable rules and regulations to prevent abuse of the
38 provisions of this section.

39 SECTION 2. Section 75-67-121, Mississippi Code of 1972, is
40 amended as follows:

41 75-67-121. Any licensee under this article may charge any
42 borrower on loans of One Hundred Dollars (\$100.00) or more the
43 actual cost of recording any instrument executed as security for a
44 loan; any reasonable fee paid to an attorney for investigating the
45 title to any property given as security for a loan; the actual
46 cost of any premium paid for insurance upon any property given as
47 security for a loan, such insurance to be placed with an insurance
48 company agent of the borrower's selection so long as it is
49 licensed to do business in the State of Mississippi; the actual
50 cost of any premium paid for life, health and/or accident
51 insurance on any borrower where the amount of insurance required
52 is not in excess of the amount of the loan and the premium
53 therefor is in keeping with that usually and customarily paid for
54 like insurance.

55 Whenever he shall find it necessary, the Commissioner of
56 Banking and Consumer Finance shall have the power to adopt and
57 enforce reasonable rules and regulations to prevent the abuse of
58 this section and the making of excessive charges under this
59 section.

60 Nothing in this section shall restrict the authority of any
61 licensee to sell noncredit products as authorized under Section
62 75-67-108 and to charge reasonable costs for those products.

63 SECTION 3. This act shall take effect and be in force from
64 and after July 1, 1999.