HOUSE BILL NO. 1285

1 AN ACT TO AMEND SECTION 97-19-81, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF THE FEE OR SERVICE CHARGE THAT LENDERS MAY ADD TO THE UNPAID BALANCE OF A LOAN WHEN A BORROWER PAYS ALL OR PART OF THE LOAN BY CHECK, THE CHECK IS RETURNED BECAUSE OF INSUFFICIENT FUNDS, AND THE LENDER IS CHARGED A FEE OR SERVICE CHARGE AS A RESULT OF THAT RETURN; TO REPEAL SECTION 75-67-122, MISSISSIPPI CODE OF 1972, WHICH AUTHORIZES SMALL LOAN LICENSEES TO CHARGE AND COLLECT A BAD CHECK CHARGE; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 97-19-81, Mississippi Code of 1972, is amended as follows:

97-19-81. When an entity that is authorized by the laws of this state to make loans or grant extensions of credit is paid by check to retire all or a part of a loan or extension of credit, and the check is returned because of insufficient funds, and the lender is charged a fee or service charge as a result of that return, the lender shall be authorized to add a fee or service charge, up to a maximum amount of Thirty Dollars ($30.00), to the principal of the unpaid balance of the loan or extension of credit. This fee or service charge may be added to the principal only once with respect to the same check. The fee or service charge shall not be deemed to be interest, a finance charge or other charge that is made as an incident to or as a condition of the making of the loan or granting of the extension of credit, and shall not be included in determining the limit on charges that may be made in connection with the loan or extension of credit as provided in any law of this state.
SECTION 2. Section 75-67-122, Mississippi Code of 1972, which authorizes small loan licensees to charge and collect a bad check charge, is repealed.

SECTION 3. This act shall take effect and be in force from and after July 1, 2001.