

By: Representative Guice

To: Banks and Banking

HOUSE BILL NO. 1285

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

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

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

12 97-19-81. When an entity that is authorized by the laws of
 13 this state to make loans or grant extensions of credit is paid by
 14 check to retire all or a part of a loan or extension of credit,
 15 and the check is returned because of insufficient funds, and the
 16 lender is charged a fee or service charge as a result of that
 17 return, the lender shall be authorized to add a fee or service
 18 charge, up to a maximum amount of Thirty Dollars (\$30.00), to the
 19 principal of the unpaid balance of the loan or extension of
 20 credit. This fee or service charge may be added to the principal
 21 only once with respect to the same check. The fee or service
 22 charge shall not be deemed to be interest, a finance charge or
 23 other charge that is made as an incident to or as a condition of
 24 the making of the loan or granting of the extension of credit, and
 25 shall not be included in determining the limit on charges that may
 26 be made in connection with the loan or extension of credit as
 27 provided in any law of this state.

28 SECTION 2. Section 75-67-122, Mississippi Code of 1972,
29 which authorizes small loan licensees to charge and collect a bad
30 check charge, is repealed.

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