

By: Representative Banks

To: Banking and Financial
Services

HOUSE BILL NO. 1216

1 AN ACT TO AMEND SECTION 75-67-519, MISSISSIPPI CODE OF 1972,
2 TO REDUCE THE MAXIMUM RATE OF INTEREST THAT A CHECK CASHER MAY
3 CHARGE FOR CASHING A DELAYED DEPOSIT CHECK; TO SPECIFY HOW THE
4 INTEREST ON A DELAYED DEPOSIT CHECK LOAN WILL BE CALCULATED; AND
5 FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 75-67-519, Mississippi Code of 1972, is
8 amended as follows:

9 75-67-519. (1) A licensee may defer the deposit of a
10 personal check cashed for a customer for up to thirty (30) days
11 under the provisions of this section.

12 (2) The face amount of any delayed deposit check cashed
13 under the provisions of this section shall not exceed Four Hundred
14 Dollars (\$400.00). Each customer is limited to a maximum amount
15 of Four Hundred Dollars (\$400.00) at any time.

16 (3) Each delayed deposit check cashed by a licensee shall be
17 documented by a written agreement that has been signed by the
18 customer and the licensee. The written agreement shall contain a
19 statement of the total amount of any fees charged, expressed as a
20 dollar amount and as an annual percentage rate. The written
21 agreement shall authorize the licensee to defer deposit of the
22 personal check until a specific date not later than thirty (30)
23 days from the date the check is cashed.

24 (4) (a) A licensee shall not directly or indirectly charge
25 any fee or other consideration for cashing a delayed deposit check
26 in excess of thirty-six percent (36%) per annum on the outstanding
27 principal balance of any delayed deposit check and fifteen percent
28 (15%) per annum on any remainder of the unpaid principal balance.



29 Interest shall be contracted for and collected at the single
30 simple interest rate applied to the outstanding balance that would
31 earn the same amount of interest as the above rates for payment
32 according to schedule.

33 (b) Interest on loans made under this section shall not
34 be paid, deducted, or received in advance. That interest shall
35 not be compounded, but interest on loans shall (i) be computed and
36 paid only as a percentage of the unpaid principal balance or
37 portion thereof, and (ii) computed on the basis of the number of
38 days actually elapsed. For the purpose of computing interest, a
39 day shall equal one three-hundred-sixty-fifth (1/365) of a year.

40 (5) No check cashed under the provisions of this section
41 shall be repaid by the proceeds of another check cashed by the
42 same licensee or any affiliate of the licensee. A licensee shall
43 not renew or otherwise extend any delayed deposit check.

44 (6) A licensee shall not offer discount catalog sales or
45 other similar inducements as part of a delayed deposit
46 transaction.

47 (7) A licensee shall not charge a late fee or collection fee
48 on any deferred deposit transaction as a result of a returned
49 check or the default by the customer in timely payment to the
50 licensee. Notwithstanding anything to the contrary contained in
51 this section, a licensee may charge a processing fee, not to
52 exceed an amount authorized by the commissioner, for a check
53 returned for any reason, including, without limitation,
54 insufficient funds, closed account or stop payment, if such
55 processing fee is authorized in the written agreement signed by
56 the customer and licensee. In addition, if a licensee takes legal
57 action against a customer to collect the amount of a delayed
58 deposit check for which the licensee has not obtained payment and
59 obtains a judgment against the customer for the amount of that
60 check, the licensee shall also be entitled to any court-awarded
61 fees.



62 (8) When cashing a delayed deposit check, a licensee may pay
63 the customer in the form of the licensee's business check or a
64 money order; however, no additional fee may then be charged by the
65 licensee for cashing the licensee's business check or money order
66 issued to the customer.

67 **SECTION 2.** This act shall take effect and be in force from
68 and after July 1, 2010.

