



HOUSE BILL 810: Loan Origination/Late Payment Charge Changes.

2017-2018 General Assembly

Committee: Senate Commerce and Insurance. If favorable, **Date:** June 6, 2018
re-refer to Rules and Operations of the Senate

Introduced by: Reps. Destin Hall, Bradford, Stone, Saine **Prepared by:** Amy Darden
Analysis of: PCS to First Edition **Staff Attorney**
H810-CSBB-16

OVERVIEW: *The PCS to H810 makes technical and clarifying changes, adjusts the loan origination fee for Banks, and adjusts the late payment charge for certain loans.*

CURRENT LAW and BILL ANALYSIS:

Origination Fee:

Currently, any bank or savings institution may charge an origination fee not to exceed the greater of ¼ of 1% or \$50.00, on loans or extensions of credit under \$300,000 and not secured by real property. The PCS would adjust the amount of the origination fee allowed by banks of savings institutions as follows:

Principal Amount	Maximum Origination Fee
\$0 to \$19,999	\$150.00
\$20,000 to \$29,999	\$175.00
\$30,000 to \$49,999	\$200.00
\$50,000 to \$99,999	\$250.00
\$100,000 - \$300,000	¼ of 1% of loan amount

Late Fee:

Currently, Chapter 24 limits late fees to 4% of the amount of the payment past due or less. The PCS allows banks or savings institutions to charge the greater of \$35.00 or 4% of the amount of the payment past due as a late fee on a loan or extension of credit not secured by real property. The late payment must be at least 30 days past due for a loan where interest is paid in advance or at least 15 days past due on any other loan.

EFFECTIVE DATE: The PCS becomes effective October 1, 2018, and applies to contracts entered into, renewed, or modified on or after that date.

Karen Cochrane-Brown
Director



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Legislative Analysis
Division
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