HOUSE RESEARCH =

Bill Summary =

FILE NUMBER: S.F. 1268 DATE: January 31, 2012

Version: Second engrossment

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Subject: Fees charged by lenders

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Overview

This bill deals with fees permitted on secured consumer loans made by industrial loan and thrift companies.

Additional charges. Permits lenders licensed as industrial loan and thrift companies to charge certain fees on certain loans made to consumers. The permitted fees are fees for transporting, storing, securing, insuring, and maintaining the collateral for the loan. This applies only to "non-recourse collateralized loans." That refers to loans in which the lender agrees that the collateral pledged for the loan will be the only source of payment if the debtor defaults, with no recourse to sue the borrower to obtain any additional amount owing on the loan. This limit on lender sources of repayment does not apply to two stated types of short-term unsecured loans, because the absence of collateral requires that the lender be able to sue the borrower to collect payment if necessary.