

FINAL BILL REPORT

HB 1188

C 9 L 95

Synopsis as Enacted

Brief Description: Concerning the loan security ratio.

Sponsors: Representatives L. Thomas, Dyer, Grant, Benton, Campbell, Costa, Pelesky, Huff and Mielke.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions & Housing

Background: Consumer loan companies are regulated by state law. The maximum interest rate consumer loan companies can legally charge is 25 percent per year. Other statutory provisions limit the amount of fees these companies may charge for making a loan and, for loans secured by real estate, limit the maximum loan-to-value ratio to 90 percent.

These companies are licensed by the Department of Financial Institutions and must be examined at least once each 18 months.

Summary: The statutory provision limiting the maximum loan-to-value ratio to 90 percent for real estate loans made by consumer loan companies is removed. The director of the Department of Financial Institutions shall determine, by rule, how often consumer loan companies are examined.

Votes on Final Passage:

House	96 0
Senate	47 0

Effective Date: July 23, 1995