

HOUSE BILL ANALYSIS

ON

HB 1411

Brief Description: *Authorizing the collection of fees for consumer loans.*

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 originating a loan; the fee cannot exceed 4% of the first \$20,000 and 2% of the amount loaned above \$20,000. Fees are allowed for actual costs for title insurance, appraisals, and the recording, reconveying, or releasing of security-related documents. Fees cannot be collected, except the appraisal fee, unless the loan is made.

SUMMARY: The loan origination fee limitation is removed for real estate loans made by consumer loan companies. Fees are allowed to cover actual costs for any third party providing goods or services in connection with the preparation of the borrower's loan. Provisions allowing fees for the recording, reconveying, or releasing of security-related documents.

Fiscal Note: *Not requested.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*

Rulemaking: *No authority.*