

HOUSE BILL ANALYSIS

HB 2321

Title: An act relating to authorizing the collection of third-party fees in connection with making consumer loans.

Brief Description: Allowing consumer loan companies to charge borrowers fees for services provided by third parties.

Sponsors: Representatives L. Thomas, Smith and Wolfe.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Meeting Date: January 15, 1998

Bill Analysis Prepared by: Jim Morishima (786-7191)

Background: Consumer loan companies are regulated by state law. They can charge interest rates up to 25 percent. Consumer loan companies can charge the borrower for fees they incur for title insurance, appraisals, recording, reconveyance, and releasing as long as the fees were incurred in connection with preparing the borrower's loan. If the consumer loan company does not make the loan, it can only charge the borrower for the appraisal fee.

Summary of Bill: HB 2321 removes the restriction on the types of expenses connected with preparing the borrower's loan the consumer loan company may recover. Instead of being limited to fees incurred for title insurance, appraisals, recording, reconveying and releasing, the consumer loan company may now charge the borrower for any fees it incurs from third parties in connection with preparing the borrower's loan. HB 2321 preserves the part of the statute that limits the consumer loan company to the appraisal fee if no loan is made.

Appropriation: None

Fiscal Note: None requested.

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

Rulemaking Authority: None specified.