

House Bill 152

By: Representative Floyd of the 138th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 3 of Title 7 of the Official Code of Georgia Annotated, relating to
2 industrial loans, so as to change the loan fees and late fees; to increase the monthly
3 maintenance charge; to provide for related matters; to provide for an effective date; to repeal
4 conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Chapter 3 of Title 7 of the Official Code of Georgia Annotated, relating to industrial loans,
8 is amended by striking Code Section 7-3-14, relating to maximum loan amount, period, and
9 charges, and inserting in lieu thereof a new Code section to read as follows:

10 "7-3-14.

11 Every licensee under this chapter may loan any sum of money not exceeding \$3,000.00 for
12 a period of 36 months and 15 days or less and may charge, contract for, collect, and receive
13 interest and fees and may require the fulfillment of conditions on such loans as provided
14 in this Code section:

15 (1) INTEREST. A licensee may charge, contract for, receive, and collect interest at a rate
16 not to exceed 10 percent per annum of the face amount of the contract, whether repayable
17 in one single payment or repayable in monthly or other periodic installments. On loan
18 contracts repayable in 18 months or less, the interest may be discounted in advance; and,
19 on contracts repayable over a greater period, the interest shall be added to the principal
20 amount of the loan. On all contracts, interest or discount shall be computed
21 proportionately on equal calendar months;

22 (2) LOAN FEE. In addition thereto, a licensee may charge, contract for, receive, or collect
23 at the time the loan is made a fee in an amount not greater than 8 percent of the first
24 \$600.00 of the face amount of the contract plus 4 percent of the excess; provided,
25 however, that such fee shall not be charged or collected on that part of a loan which is
26 used to pay or apply on a prior loan or installment of a prior loan from the same licensee

1 to the same borrower made within the immediately preceding six-month period; provided,
2 however, if the loan balance is ~~\$200.00~~ \$300.00 or less, the said period shall be two
3 months, not six months; provided, further, that nothing contained in this paragraph and
4 paragraph (1) of this Code section shall be construed to permit charges, interest, or fees
5 of any nature whatsoever in the aggregate in excess of the charges, interest, and fees
6 which would constitute a violation of Code Section 7-4-18 and this chapter shall in no
7 way affect Code Section 7-4-18. If a borrower prepays his or her entire loan to a licensee
8 and within the following 15 days makes a new loan with that licensee and if this is done
9 within the six-month period or the two-month period above described, as may be
10 applicable, the fee may be charged only on the excess by which the face amount of the
11 new contract exceeds the amount which the borrower repaid to that licensee within the
12 said 15 day period;

13 (3) INSURANCE PREMIUMS. A licensee may charge and collect from the borrower
14 premiums actually paid or to be paid for insurance obtained for the borrower. A licensee
15 may accept as security on any loan or advance made under this chapter any one or any
16 combination of the following:

17 (A) Insurance on tangible property against substantial risks or loss;

18 (B) Reasonable insurance on the life and health of the principal party; or

19 (C) Reasonable insurance against accident of the principal party;

20 provided, however, that any such insurance shall be reasonably related to the type and
21 value of the property insured and to the amount and term of the loan and shall be obtained
22 from an insurance company authorized to conduct such business in the State of Georgia
23 and at rates lawfully filed by such company with the Commissioner of Insurance and
24 through a regular insurance agent licensed by the Commissioner of Insurance; provided,
25 further, the amount of life, health, or accident insurance required as security for loans
26 made under this chapter shall not exceed the amount of the loan, including charges, to be
27 secured; and the premiums on such insurance required of the principal party obligated
28 shall be limited to premiums reasonably based upon reliable actuarial experience and
29 sound insurance practice; and the Commissioner is authorized and directed to promulgate
30 rules and regulations to effectuate this provision in accordance with the spirit and intent
31 thereof. It shall be the duty of the Commissioner from time to time under the foregoing
32 direction, after public hearing in the manner provided in subsection (b) of Code Section
33 7-3-7, to determine and promulgate the rates and maximum premiums permissible to be
34 charged for life, health, and accident insurance required as security for a loan made under
35 this chapter and to make regulations incident thereto necessary to effectuate the same;
36 such premiums, when thus established and as changed from time to time in the manner
37 aforesaid, shall be the maximum effective and permissible charges under this paragraph.

1 Premiums paid or to be paid pursuant to the authority of this paragraph shall not
2 constitute interest. The insurance company in turn may pay to the party writing the
3 insurance policy sold in connection with the loan a fee or commission in an amount
4 which is reasonable in relationship to the transaction and in no event in excess of the
5 amount of fee or commission customarily paid within the industry where comparable
6 insurance is sold in a transaction not involving credit, as determined by the
7 Commissioner;

8 (4) LATE CHARGE. A licensee may charge and collect from the borrower a late or
9 delinquent charge ~~in~~ of \$10.00 or an amount equal to 5¢ for each \$1.00 of any installment
10 which is not paid within five days from the date such payment is due, whichever is
11 greater, provided that this late or delinquent charge shall not be collected more than once
12 for the same default; and

13 (5) MAINTENANCE CHARGE. In addition thereto, a licensee may contract for, charge,
14 receive, and collect a maintenance charge of ~~\$2.00~~ \$3.00 for each month in the term of
15 the loan contract on each loan made, whether repayable in one single payment or
16 repayable in weekly, monthly, or other periodic installments. Refunds of unearned
17 maintenance charges shall be made in accordance with the method prescribed in Code
18 Section 7-3-17, and such maintenance charges will be subject to paragraph (4) of this
19 Code section. Nothing contained in Code Section 7-4-18, as now or hereafter amended,
20 shall be construed to apply to this paragraph; and loans made in conformity with this
21 paragraph shall in no way constitute a violation of Code Section 7-4-18, as now or
22 hereafter amended."

23 SECTION 2.

24 This Act shall become effective upon its approval by the Governor or upon its becoming law
25 without such approval.

26 SECTION 3.

27 All laws and parts of laws in conflict with this Act are repealed.