

The Senate Banking and Financial Institutions Committee offered the following substitute to SB 139:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 1 of Title 13 of the Official Code of Georgia Annotated, relating to
2 general provisions for contracts, so as to provide for the collection of closing fees for
3 contracts for the advance of money or the extension of credit; to provide for the refund of
4 closing fees in certain instances; to provide for exclusions and applicability; to provide for
5 related matters; to provide for an effective date; to repeal conflicting laws; and for other
6 purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 SECTION 1.

9 Chapter 1 of Title 13 of the Official Code of Georgia Annotated, relating to general
10 provisions for contracts, is amended by adding a new Code section to read as follows:

11 "13-1-14.

12 (a) In addition to any other charges permitted for the advance of money or for the
13 extension of credit, a lender or seller may collect a closing fee at the time of making a loan
14 or extending credit in order to defray the costs of investigation and verification of a
15 borrower's or purchaser's credit reports and references. Such closing fee may be for an
16 amount up to 4 percent of the face amount of the loan or credit extension or total amount
17 of the sales contract but shall not be more than \$50.00. Such closing fee may be paid from
18 the proceeds of the amount borrowed or added to the principal amount of the loan or credit
19 extension.

20 (b) When any loan or sales contract upon which a closing fee has been charged is prepaid
21 in full by any means within 90 days of the date of the loan or sales contract, the lender or
22 seller shall refund or credit the borrower or purchaser with a pro rata portion of the closing
23 fee; provided, however, that in such event, the lender or seller may retain an amount of not
24 more than \$25.00 from the collected closing fee.

25 (c) This Code section shall only apply to industrial loans made pursuant to Chapter 3 of
26 Title 7, retail installment and home solicitation sales contracts entered into pursuant to

27 Article 1 of Chapter 1 of Title 10, and insurance premium finance agreements entered into
28 pursuant to Chapter 22 of Title 33; provided, however, that a closing fee authorized under
29 this Code section shall not constitute interest, a time price differential, a finance charge, or
30 a service charge within the meaning of Code Section 7-3-15, 10-1-4, or 33-22-9.

31 (d) Nothing contained in Code Section 7-4-18 shall be construed to amend or modify the
32 the provisions of this Code section."

33 **SECTION 2.**

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

36 **SECTION 3.**

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