

Senate Bill 139

By: Senators Miller of the 49th, Staton of the 18th, Harbison of the 15th, Shafer of the 48th,
Mullis of the 53rd and others

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; to provide for related matters; to
5 repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

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

10 "13-1-14.

11 (a) In addition to any other charges permitted for the advance of money or for the
12 extension of credit, a lender or seller may collect a one-time closing fee at the time of
13 making a loan or extending credit in order to defray the costs of investigation and
14 verification of a borrower's or purchaser's credit reports and references. Such closing fee
15 shall not be added to the principal amount of a loan or credit extension and 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.

18 (b) When any loan or sales contract upon which a closing fee has been charged is prepaid
19 in full within 90 days of the date of the loan or sales contract, the lender or seller shall
20 refund or credit the borrower or purchaser with a pro rata portion of the closing fee;
21 provided, however, that in such event, the lender or seller may retain an amount of no more
22 than \$25.00 from the collected closing fee.

23 (c) A closing fee as authorized under this Code section shall not constitute interest or be
24 considered an additional charge, a time price differential, finance charge, or service charge
25 within the meaning of Code Section 7-3-15, 10-1-4, 10-1-33, or 33-22-9, respectively.

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

28 **SECTION 2.**

29 All laws and parts of laws in conflict with this Act are repealed.