

SENATE BILL NO. 455
INTRODUCED BY D. RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MONTANA DEFERRED DEPOSIT LOAN ACT AND THE MONTANA TITLE LOAN ACT BY CAPPING THE INTEREST RATE THAT MAY BE CHARGED ON DEFERRED DEPOSIT LOANS AND TITLE LOANS; AND AMENDING SECTIONS 31-1-722 AND 31-1-817, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 31-1-722, MCA, is amended to read:

"31-1-722. Prohibited and permitted fees -- attorney fees and costs. (1) A licensee may not charge or receive, directly or indirectly, any interest, fees, or charges except those specifically authorized by this section.

(2) ~~A licensee may not charge a fee for each deferred deposit loan entered into with a consumer that exceeds 25% of the principal amount of the deferred deposit loan that is advanced or, in the case of an electronic transaction, 25% of the principal amount of the deferred deposit loan.~~ The maximum rate of interest that a deferred deposit licensee may receive for making and carrying any deferred deposit loan authorized by this part may not exceed an annual percentage rate of 36%, exclusive of the insufficient funds fees authorized in subsections (3) and (4).

(3) If there are insufficient funds to pay a check on the date of presentment, a licensee may charge a fee, not to exceed \$30. Only one fee may be collected pursuant to this subsection with respect to a particular check even if it has been redeposited and returned more than once. A fee charged pursuant to this subsection is a licensee's exclusive charge for late payment. A licensee may not collect damages under 27-1-717(3) for an insufficient funds check.

(4) If the loan involves an electronic deduction and there are insufficient funds to deduct on the date on which the payment is due, a licensee may charge a fee, not to exceed \$30. Only one fee may be collected pursuant to this subsection with respect to a particular loan even if the licensee has attempted more than once to deduct the amount due from the consumer's account. A fee charged pursuant to this subsection is a licensee's exclusive charge for late payment. A licensee may not collect damages under 27-1-717(3) for an electronic deduction for which there are insufficient funds.

(5) If the loan agreement in 31-1-721 requires, reasonable attorney fees and court costs may be awarded

to the party in whose favor a final judgment is rendered in any action on a deferred deposit loan entered into pursuant to this part."

Section 2. Section 31-1-817, MCA, is amended to read:

"31-1-817. Interest rates -- fees charged. (1) The maximum rate of interest ~~that a title lender shall contract for and must receive~~ for making and carrying any title loan authorized by this part may not exceed: an annual percentage rate of 36%, exclusive of the recording costs and service charges provided for in subsections (2) and (3).

~~(a) 25% for each 30-day period for the portion of a loan that does not exceed \$2,000;~~

~~—— (b) 18% for each 30-day period for the portion of a loan exceeding \$2,000 but not exceeding \$4,000; and~~

~~—— (c) a 10% percentage rate for each 30-day period, plus fees, on the portion of a loan that exceeds \$4,000.~~

(2) Title lenders may charge their actual costs of recording liens on borrowers' certificates of title.

(3) Title lenders may charge a service charge, as provided in 27-1-717, if there are insufficient funds to pay a check on the date of presentment. Title lenders may not collect damages under 27-1-717(3) based upon the presentment of an insufficient funds check."

- END -