

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 5/30/13

PRIME SPONSOR: Ross

BILL NO: HB1128

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PRINTER'S NO: 1377

A. Synopsis:

HB1128 codifies and modernizes the Motor Vehicle Sales Finance Act (MVSFA) and the Goods and Services Installment Sales Act relating to credit.

A. Summary:

Regarding the MVSFA, HB1128 adheres to federal law as it reduces the gross vehicular weight needed to qualify as a heavy commercial vehicle from 15,000 to 13,000 pounds; ensures Federal Regulation Z controls disclosure of the terms and conditions of loans; requires refinance charges for manufactured homes; and maximum refinance charges and interest rates are governed by federal law if the charge relates to the Veterans' Administration or other federal agencies.

Administrative and regulatory provisions are put in place such as requiring the Department of Banking and Securities to furnish each licensee with the provisions of the statute; establishing provisions for legal action filings; requiring specific information on initial license applications, doubling the bonding requirement for a sales finance company to \$10,000, and limiting departmental determinations on license issuance.

Installment sale contract provisions are determined such as replacing the 50-cent charge for duplicate contracts, requiring contracts to inform a buyer of certain rights, and allowing for an acceleration clause triggered by bankruptcy, defaults in payment, or fraud.

Powers and duties of installment sellers are outlined such as providing for paid-in-full buyer notifications, allowing of appraisal fees, forbidding waivers, and limiting repair costs.

Repossession requirements are put into place, specifically stating motor vehicle repossessions in commercial transactions are to be governed by the Uniform Commercial Code, requiring notices to contain thorough information, amplifying the disposal after 30 days provision, and requiring the seller to provide the title and all necessary documents to a purchaser of a repossessed vehicle.

Regarding the general provisions relating to Goods and Services Installment Sales, HB1128 requires contract applications to be completed before signing, provides minimum notice standards in a contract, saves provisions of the Electronic Transactions Act and allows the Department to implement provisions for electronic transactions, requires a seller to comply with the Fair Credit Extension Uniformity Act, stipulates that notices of repossession and acceleration of debt must include specific information to the buyer, requires a closed-end credit agreement to include a statement that the seller may collect fees, increases the late fee amount to \$10, increases the minimum finance charge to \$1.00, increases the

percentage rate for an extension to 1.5% per month, increases the charge for an extension to \$10, and provides violation warnings.

This act will take effect in one year.