



State of Tennessee

PUBLIC CHAPTER NO. 91

HOUSE BILL NO. 421

By Representatives Lamberth, Powers

Substituted for: Senate Bill No. 344

By Senators Johnson, Yager

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 5, relative to industrial loan and thrift companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-5-403(a)(1)(A), is amended by deleting "Registrants may charge a service charge in an amount equal to four percent (4%) of the total amount of the loan, which charge may be deducted in advance from the principal of the loan" and substituting "Registrants may charge a service charge in an amount equal to five percent (5%) of the total amount of the loan, which charge may be deducted in advance from the principal of the loan".

SECTION 2. Tennessee Code Annotated, Section 45-5-403(a)(1)(B), is amended by deleting "four percent (4%) service charge" and substituting "five-percent service charge".

SECTION 3. Tennessee Code Annotated, Section 45-5-403(a)(2), is amended by deleting "four-percent service charge" and substituting "five-percent service charge".

SECTION 4. Tennessee Code Annotated, Section 45-5-403(a)(5)(A), is amended by deleting the subdivision and substituting the following:

(A) Registrants may also charge an installment maintenance fee of five dollars (\$5.00) per month.

SECTION 5. Tennessee Code Annotated, Section 45-5-403(a)(8), is amended by deleting "four percent (4%)" and substituting "five percent (5%)".

SECTION 6. Tennessee Code Annotated, Section 45-5-403(b), is amended by adding the following as a new subdivision:

(7)

(A) In addition to any other charges permitted for the making of a loan under this part, a registrant may collect a closing fee at the time of the making of the loan for the purpose of preparing and executing the documents for, and verifying compliance with, the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.), this section, and all other applicable statutes. The closing fee may be for an amount up to four percent (4%) of the amount financed but must not be more than fifty dollars (\$50.00). The closing fee may be paid from the proceeds of the amount borrowed or added to the amount financed.

(B) If a loan, upon which a closing fee has been charged, is prepaid in full by any means within ninety (90) days of the date of the loan, then the registrant must refund or credit the borrower with a pro rata portion of the closing fee. However, the registrant may retain up to twenty-five dollars (\$25.00) of the closing fee regardless of when the loan is prepaid.

SECTION 7. This act takes effect July 1, 2021, the public welfare requiring it, and applies to contracts or agreements entered into, amended, or renewed on or after that date.

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PASSED: March 22, 2021



CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES



RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 7th day of April 2021



BILL LEE, GOVERNOR