

SENATE BILL 997

By Gardenhire

AN ACT to amend Tennessee Code Annotated, Title 47,
Chapter 16, relative to non-recourse transactions
to obtain funding.

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

SECTION 1. Tennessee Code Annotated, Section 47-16-105, is amended by deleting subdivisions (7) and (9).

SECTION 2. Tennessee Code Annotated, Section 47-16-107, is amended by deleting the language "Any violation of this chapter" and substituting the language "Any knowing or intentional violation of this chapter".

SECTION 3. Tennessee Code Annotated, Section 47-16-108(b), is amended by deleting the language "any violation of this chapter" and substituting the language "any knowing or intentional violation of this chapter".

SECTION 4. Tennessee Code Annotated, Section 47-16-109(b), is amended by deleting the subsection.

SECTION 5. Tennessee Code Annotated, Section 47-16-110, is amended by deleting the section and substituting the following:

(a) All consumers entering into litigation financing transactions shall pay the litigation financier an annual fee of not more than ten percent (10%) of the total original amount of the litigation financing transaction.

(b) Litigation financiers shall not charge a consumer the annual fee authorized by subsection (a) more than one (1) time each year with regard to any single legal claim regardless of the number of litigation financing transactions that the litigation financier enters into with the consumer with respect to that legal claim.

(c) The litigation financing transaction is limited to a maximum yearly fee not to exceed a rate of three hundred sixty dollars (\$360) per year for each one thousand dollars (\$1000) of the litigation financing transaction balance. The rate applies to transactions of less than one thousand dollars (\$1000) as well as those greater than one thousand dollars (\$1000). The maximum yearly fee shall not include the annual fee pursuant to subsection (a).

(d)

(1) In addition to the fee authorized under subsection (c), a litigation financier may also charge and collect a customary fee to defray the ordinary costs of opening, administering, and terminating a litigation financing transaction, including, but not limited to, costs associated with:

- (A) Underwriting and documenting the account;
- (B) Securing and maintaining account information;
- (C) Validating consumer information;
- (D) Offering electronic and phone access to accounts;
- (E) Processing account transactions;
- (F) Responding to customer inquiries;
- (G) Providing periodic billing statements;
- (H) Marketing activities related to acquisition of the account; and
- (I) All other services or activities conducted by the litigation

financier related to the consumer legal funding.

(2) The customary fee shall not be deemed interest for any purpose of law and shall not exceed a daily rate of thirty-five one hundredths of one percent (0.35%) of the litigation financing transaction balance.

(e) In addition to the fees described in subsections (c) and (d) and to the exclusion of any other fee, the litigation financier may assess a fee for the expedited

delivery of funds, provided that the litigation financier shall offer the consumer a free delivery option.

(f) For purposes of this section, "litigation financing transaction balance" means the unrecovered portion of the original amount of the litigation financing transaction.

SECTION 6. For purposes of Section 5, this act shall take effect July 1, 2015, at 12:01 a.m., the public welfare requiring it, and shall apply to litigation financing transactions entered into on or after that date. For all other purposes, this act shall take effect upon becoming a law, the public welfare requiring it.