

## Session 114 - (2001-2002)

**S 0994 General Bill, By Thomas, McConnell, J.V. Smith, Matthews, Patterson, Hayes, Jackson, Short, Ravenel, Reese, Drummond, Giese and Rankin**

**Similar (H 4985)**

**Summary:** Predatory Lending Bill; to prohibit "flipping" of home loans; provisions regarding credit sales and loans secured by manufactured homes

A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTIONS 37-2-309 AND 37-3-308 SO AS TO REQUIRE CERTAIN DISCLOSURES IN CONNECTION WITH THE CREDIT SALE OF A PURCHASER-OCCUPIED MANUFACTURED HOME OR A LOAN FOR THE PURCHASE, REFINANCING, OR CONSOLIDATION OF A LOAN SECURED BY A BORROWER-OCCUPIED MANUFACTURED HOME; TO AMEND SECTION 37-5-203, RELATING TO CIVIL PENALTIES FOR VIOLATION OF DISCLOSURE PROVISIONS, SO AS TO REFERENCE THE DISCLOSURES REQUIRED IN CONNECTION WITH A CREDIT SALE OF OR LOAN SECURED BY A MANUFACTURED HOME AND TO INCREASE THE PENALTY AMOUNT; BY ADDING SECTION 37-10-109 SO AS TO PROHIBIT A LENDER FROM KNOWINGLY ENGAGING IN FLIPPING A HOME LOAN AND TO DEFINE "FLIPPING" AND "HOME LOAN"; BY ADDING SECTION 37-10-111 SO AS TO PROVIDE THAT A LENDER WHO EXTENDS A HOME LOAN SECURED BY A LIEN ON REAL ESTATE MAY NOT PAY A RESIDENTIAL BUILDER OR RESIDENTIAL SPECIALTY CONTRACTOR FOR THE REPAIR, IMPROVEMENT, OR REIMPROVEMENT OF A RESIDENCE FROM THE PROCEEDS OF THE HOME LOAN UNLESS CERTAIN CONDITIONS ARE MET AND TO DEFINE "HOME LOAN"; BY ADDING SECTION 37-10-113 SO AS TO LIMIT THE IMPOSITION OF CHARGES FOR POINTS AND FEES IN CONNECTION WITH A LOAN MADE BY A CONSUMER LENDER AND A MORTGAGE LOAN BROKER AND TO DEFINE "POINTS AND FEES" AND "TOTAL LOAN AMOUNT"; BY ADDING SECTION 37-10-115 SO AS TO PROVIDE THAT A CREDIT SALE OR LOAN SECURED BY THE SOUTH CAROLINA DWELLING PLACE OF THE PURCHASER OR BORROWER IS COVERED BY SOUTH CAROLINA LAW; BY ADDING SECTIONS 37-2-417, 37-3-413, AND 37-10-117, ALL SO AS TO PROHIBIT THE FINANCING OF CERTAIN INSURANCE PREMIUMS OR DEBT CANCELLATION OR SUSPENSION PAYMENTS IN CONNECTION WITH A CREDIT SALE OR LOAN SECURED BY A HOME; TO AMEND SECTION 37-5-108, AS AMENDED, RELATING TO UNCONSCIONABILITY IN CONSUMER CREDIT TRANSACTIONS, SO AS TO PROVIDE THAT IF, CONSIDERING CERTAIN FACTORS, THE CONSUMER IS UNABLE TO MAKE SCHEDULED PAYMENTS ON THE OBLIGATION WHEN DUE OR IS PERMITTED TO ENTER INTO A TRANSACTION FROM WHICH HE DERIVES NO SUBSTANTIAL BENEFIT, THE COURT MAY FIND THE TRANSACTION UNCONSCIONABLE; TO AMEND SECTION 37-10-105, AS AMENDED, RELATING TO DEBTOR REMEDIES IN CERTAIN LOANS, SO AS TO INCLUDE CERTAIN FACTORS ON WHICH THE COURT MAY BASE A FINDING THAT THE LOAN IS UNCONSCIONABLE; TO AMEND SECTION 37-10-103, RELATING TO PREPAYMENT WITHOUT PENALTY OF CERTAIN LOANS, SO AS TO INCREASE THE LOAN LIMIT FROM ONE HUNDRED THOUSAND DOLLARS TO ONE HUNDRED FIFTY THOUSAND DOLLARS; TO AMEND SECTION 37-1-109, RELATING TO THE CHANGE OF DOLLAR AMOUNTS IN THE CONSUMER PROTECTION CODE, SO AS TO ADD THAT LIMIT OF ONE HUNDRED FIFTY THOUSAND DOLLARS AS AN AMOUNT SUBJECT TO CHANGE ACCORDING TO CERTAIN INDICES; AND TO AMEND SECTION 37-3-201, AS AMENDED, RELATING TO LOAN FINANCE CHARGES ON CONSUMER LOANS, SO AS TO PROVIDE THAT CERTAIN FINANCE CHARGE LIMITS APPLY TO A LOAN BY A SUPERVISED LENDER WITH SCHEDULED LOAN PAYMENTS OF FEWER THAN ONE HUNDRED TWENTY DAYS AND TO PROVIDE FOR AN ABSOLUTE LIMIT OF THIRTY-SIX PERCENT ON THE PAYOFF BALANCE AT MATURITY.

02/07/02 Senate Introduced and read first time SJ-4

02/07/02 Senate Referred to Committee on Banking and Insurance SJ-4