

SESSION OF 2004

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR HOUSE BILL NO. 2635**

As Amended by House Committee on
Financial Institutions

Brief*

Sub. for HB 2635 concerns additional charges permitted under the Uniform Consumer Credit Code (UCCC). The bill allows the payee (a lender or seller under the UCCC) to charge an amount for an insufficient fund check not to exceed \$30 by giving written notice on a regular monthly statement indicating the charge is being assessed. Current law allows the charge, but requires notice be given to the consumer by restricted mail.

Additionally, the bill allows a lender or seller to collect a charge not to exceed \$5 per payment if the borrower makes a single installment payment through an automated clearing house (ACH) procedure on the borrower's checking account. No charge would be allowed for the ACH procedure if the creditor collects a delinquency fee on the same installment, or if the consumer and creditor have agreed in writing to make all scheduled payments through the ACH procedure.

Background

HB 2635 was requested by the Kansas Association of Financial Services whose representative explained that giving notice by restricted mail is costly and perhaps unnecessary if the consumer were to receive notice in the monthly statement. Further, as ACH type procedures are becoming more commonplace, lenders should not have to provide such service without compensation.

Sub. for HB 2635 was recommended by the Bank Commissioner whose representative spoke in favor of the limitations on the charges for

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

ACH services and the reinstatement of certain consumer protections that were eliminated in the original bill.