

286.4-533 Authorized charges for extension of credit.

Notwithstanding the provisions of KRS 286.4-530(10) or any other law, in any extension of credit under this subtitle, a licensee may charge and collect the following charges:

- (1) A fee, or premium for insurance, in lieu of perfecting a security interest, except in no event shall the fee or premium exceed the fee payable to public officials for perfecting the security interest;
- (2) A returned payment charge of twenty-five dollars (\$25) or the amount passed on from other financial institutions and payment processors, whichever is greater, for each check, draft, electronic fund transfer, negotiable order of withdrawal, or electronic payment returned, unpaid, or otherwise dishonored for any reason, which charge the licensee may charge and collect through regular billing procedures, or otherwise, from the borrower;
- (3) A reasonable attorney's fee, in connection with the collection of a loan, actually incurred by the licensee and paid or payable to an attorney who is not an employee of the licensee;
- (4)
 - (a) A loan processing fee of five percent (5%) of the original principal amount of the loan, which charge shall be limited to a maximum of one hundred fifty dollars (\$150).
 - (b) Any loan processing fee collected up to, and including, seventy-five dollars (\$75) shall be nonrefundable.
 - (c) In the event of prepayment, any portion of a loan processing fee above seventy-five dollars (\$75) shall be subject to refund in the same manner as other charges pursuant to KRS 286.4-530(6).
 - (d) A loan processing fee may only be charged once on a loan within any ninety (90) day period;
- (5)
 - (a) An alternative to the default charge described in KRS 286.4-530(4), not to exceed five percent (5%) of each scheduled installment or fifteen dollars (\$15), whichever is greater.
 - (b) Only one (1) charge may be collected for each scheduled installment;
- (6) Costs or other expenses authorized for a secured party in accordance with KRS 355.9-207 and 355.9-607; and
- (7) If the borrower requests loan funding in a manner other than by physical check, a funding fee of three dollars (\$3) per loan for distributing the loan proceeds in the manner requested by the borrower.

Effective: June 29, 2023

History: Amended 2023 Ky. Acts ch. 123, sec. 2, effective June 29, 2023. -- Amended 2019 Ky. Acts ch. 120, sec. 10, effective June 27, 2019. -- Amended 2010 Ky. Acts ch. 28, sec. 21, effective July 15, 2010. -- Amended 2008 Ky. Acts ch. 93, sec. 1, effective July 15, 2008. -- Amended 2000 Ky. Acts ch. 157, sec. 4, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 198, sec. 4, effective July 15, 1998. -- Created 1992 Ky. Acts ch. 222, sec. 1, effective July 14, 1992.

Formerly codified as KRS 288.533.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the

Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.