
SENATE BILL No. 395

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.4-1-201; IC 24-4.5; IC 24-7-5-12; IC 35-45-7-2.

Synopsis: Uniform Consumer Credit Code. Amends the statute concerning first lien mortgage lending to specify that the statute does not apply to a mortgage transaction to the extent that, at the time of consummation, the debt created by the transaction is secured by a subordinate lien mortgage. Amends the Uniform Consumer Credit Code (UCCC) as follows: (1) Changes: (A) from July 1 of each even-numbered year to January 1 of each odd-numbered year the effective date for the adjustment, based on changes in the Consumer Price Index, of various dollar amounts set forth in the UCCC; and (B) the corresponding date that precedes the adjustment date and by which the department of financial institutions (department) must issue an emergency rule announcing the adjustment. (2) For an agreement for a consumer credit sale entered into after June 30, 2020: (A) changes the maximum authorized credit service charge from a blended rate based on the amount financed, to a maximum rate of 36% per year on the unpaid balances of the principal; (B) authorizes a seller to contract for and receive a nonrefundable fee of not more than \$150, in addition to the credit service charge and any other authorized charges and fees; and (C) prohibits precomputed consumer credit sales. (3) Repeals a provision concerning the credit service charge for revolving charge accounts and relocates the language to the provision concerning the authorized credit service charge for consumer sales. (4) For an agreement for a consumer loan entered into after June 30, 2020: (A) changes the maximum loan finance charge from 25% to 36% per year on the unpaid balances of the principal; (B) redesignates the authorized "nonrefundable prepaid finance charge" as an authorized
(Continued next page)

Effective: Upon passage; July 1, 2019 (retroactive); July 1, 2020.

Bassler

January 14, 2020, read first time and referred to Committee on Insurance and Financial Institutions.



"nonrefundable fee" and changes the amount of the authorized fee from not more than \$50 to not more than \$150, in the case of a consumer loan not secured by an interest in land; (C) specifies that such a loan is not considered a supervised loan; and (D) prohibits precomputed consumer loans. (5) Amends the definition of "supervised loan" to specify that the term includes only a consumer loan for which a loan agreement is entered into before July 1, 2020. (6) Specifies that a delinquency charge that: (A) is not more than \$5; and (B) is subject to: (i) statutory indexing based on the Consumer Price Index; and (ii) change, if contracted for by the parties; is authorized for a consumer credit sale or consumer loan (or to a refinancing or consolidation of either) that is made before July 1, 2019. (7) Specifies that the following delinquency charges, not subject to indexing or to change by agreement of the parties, are authorized for a consumer credit sale or consumer loan (or to a refinancing or consolidation of either) that is made after June 30, 2019: (A) \$5, if installments are due every 14 days or less. (B) \$25, if installments are due every 15 days or more. (C) \$25, in the case of a single installment due at least 30 days after the consumer credit sale or consumer loan is made. (8) Makes cross references in the UCCC provisions concerning delinquency fees to the UCCC provisions that prohibit sellers and lenders from assessing a charge for: (A) a skip-a-payment service; or (B) an optional expedited payment service; with respect to any payment for which a delinquency charge has been assessed. (9) Makes conforming technical amendments throughout the UCCC to reflect the bill's changes. Changes from \$1.50 to \$3.00 the amount of the fee that a lessor in a rental purchase agreement may impose for accepting rental payments by telephone. Makes a technical amendment to the criminal loansharking statute to update a reference in that statute to the maximum loan finance charge authorized under the UCCC, to reflect the referenced citation's redesignation by the bill's changes to the UCCC.



Introduced

Second Regular Session of the 121st General Assembly (2020)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2019 Regular Session of the General Assembly.

SENATE BILL No. 395

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 24-4.4-1-201, AS AMENDED BY P.L.89-2011,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: Sec. 201. (1) Except as provided in subsection (2), this
4 article applies to a first lien mortgage transaction:
5 (a) that is secured by an interest in:
6 (i) a dwelling; or
7 (ii) residential real estate upon which a dwelling is constructed
8 or intended to be constructed;
9 in Indiana; and
10 (b) the closing for which takes place after December 31, 2008.
11 (2) This article does not apply to a first lien mortgage transaction if:
12 (a) the debtor is not a resident of Indiana at the time the
13 transaction is entered into; and
14 (b) the laws of the debtor's state of residence require that the
15 transaction be made under the laws of the state of the debtor's



1 residence.

2 **(3) This article does not apply to a mortgage transaction to the**
 3 **extent that, at the time of consummation, the debt created by the**
 4 **transaction is secured by a subordinate lien mortgage.**

5 SECTION 2. IC 24-4.5-1-106, AS AMENDED BY P.L.140-2013,
 6 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 UPON PASSAGE]: Sec. 106. (1) The dollar amounts in this article
 8 designated as subject to change shall change, as provided in this
 9 section, according to the Consumer Price Index for Urban Wage
 10 Earners and Clerical Workers: U.S. City Average, All Items, 1957-59
 11 equals 100, compiled by Bureau of Labor Statistics, United States
 12 Department of Labor, and referred to in this section as the Index. The
 13 Index for October, 1971, is the Reference Base Index.

14 (2) The dollar amounts shall change on ~~July~~ **January 1** of each
 15 ~~even-numbered~~ **odd-numbered** year if the percentage of change,
 16 calculated to the nearest whole percentage point, between the Index at
 17 the end of the preceding **odd-numbered** year and the Reference Base
 18 Index is ten percent (10%) or more, except that:

19 (a) the portion of the percentage change in the Index in excess of
 20 a multiple of ten percent (10%) shall be disregarded and the
 21 dollar amounts shall change only in multiples of ten percent
 22 (10%) of the amounts on March 5, 1971;

23 (b) the dollar amounts shall not change if the amounts required by
 24 this section are those currently in effect pursuant to this article as
 25 a result of earlier application of the section; and

26 (c) in no event shall the dollar amounts be reduced below the
 27 amounts appearing in this article on March 5, 1971.

28 (3) If the Index is revised after December 1967, the percentage of
 29 change shall be calculated on the basis of the revised Index. If the
 30 revision of the Index changes the Reference Base Index, a revised
 31 Reference Base Index shall be determined by multiplying the
 32 Reference Base Index by the ratio of the revised Index to the current
 33 Index, as each was for the first month in which the revised Index is
 34 available. If the Index is superseded, the Index is the one represented
 35 by the Bureau of Labor Statistics as reflecting most accurately changes
 36 in the purchasing power of the dollar for consumers.

37 (4) The department shall issue an emergency rule under
 38 IC 4-22-2-37.1 announcing:

39 (a) ~~on or~~ **sixty (60) days** before ~~April 30~~ **January 1** of each
 40 **odd-numbered** year in which dollar amounts are to change, the
 41 changes in dollar amounts required by subsection (2); and

42 (b) promptly after the changes occur, changes in the Index



1 required by subsection (3), including, when applicable, the
 2 numerical equivalent of the Reference Base Index under a revised
 3 Reference Base Index and the designation or title of any index
 4 superseding the Index.

5 An emergency rule adopted under this subsection expires on the date
 6 the department is next required to issue a rule under this subsection.

7 (5) A person does not violate this article through a transaction
 8 otherwise complying with this article if the person relies on dollar
 9 amounts either determined according to subsection (2) or appearing in
 10 the last rule of the department announcing the then current dollar
 11 amounts.

12 SECTION 3. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013,
 13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2020]: Sec. 201. Credit Service Charge for Consumer Credit
 15 Sales other than Revolving Charge Accounts — (1) **Except as**
 16 **provided in subsections (8) and (12)**, with respect to a consumer
 17 credit sale, ~~other than a sale pursuant to a revolving charge account~~, a
 18 seller may contract for and receive a credit service charge not
 19 exceeding that permitted by this section.

20 (2) **This subsection applies to a sale agreement entered into**
 21 **before July 1, 2020.** The credit service charge, calculated according
 22 to the actuarial method, may not exceed the equivalent of the greater
 23 of:

24 (a) the total of:

25 (i) thirty-six percent (36%) per year on that part of the unpaid
 26 balances of the amount financed (**as defined in section 111 of**
 27 **this chapter**) which is two thousand dollars (\$2,000) or less;

28 (ii) twenty-one percent (21%) per year on that part of the
 29 unpaid balances of the amount financed (**as defined in section**
 30 **111 of this chapter**) which is more than two thousand dollars
 31 (\$2,000) but does not exceed four thousand dollars (\$4,000);
 32 and

33 (iii) fifteen percent (15%) per year on that part of the unpaid
 34 balances of the amount financed (**as defined in section 111 of**
 35 **this chapter**) which is more than four thousand dollars
 36 (\$4,000); or

37 (b) twenty-five percent (25%) per year on the unpaid balances of
 38 the amount financed (**as defined in section 111 of this chapter**).

39 (3) **This subsection applies to a sale agreement for a consumer**
 40 **credit sale (or for the refinancing or consolidation of a consumer**
 41 **credit sale) that is entered into after June 30, 2020. Subject to**
 42 **subsection (5), the credit service charge, calculated according to**



1 **the actuarial method, may not exceed thirty-six percent (36%) per**
 2 **year on the unpaid balances of the amount financed (as defined in**
 3 **section 111 of this chapter).**

4 ~~(3)~~ **(4) In the case of a sale agreement entered into before July**
 5 **1, 2020,** this section does not limit or restrict the manner of contracting
 6 for the credit service charge, whether by way of add-on, discount, or
 7 otherwise, so long as the rate of the credit service charge does not
 8 exceed that permitted by this section. If the sale is precomputed:

9 (a) the credit service charge may be calculated on the assumption
 10 that all scheduled payments will be made when due; and

11 (b) the effect of prepayment is governed by the provisions on
 12 rebate upon prepayment in section 210 of this chapter.

13 **(5) The following apply to a sale agreement for a consumer**
 14 **credit sale (or for the refinancing or consolidation of a consumer**
 15 **credit sale) that is entered into after June 30, 2020:**

16 **(a) The credit service charge authorized by this section must**
 17 **be:**

18 **(i) contracted for between the seller and the debtor; and**

19 **(ii) calculated by applying a rate not exceeding the rate set**
 20 **forth in subsection (3) to unpaid balances of the amount**
 21 **financed (as defined in section 111 of this chapter).**

22 **(b) A sale agreement for a precomputed consumer credit sale**
 23 **is prohibited.**

24 **(c) Subject to subsection (14), in addition to the credit service**
 25 **charge authorized by subsection (3), and not subject to the**
 26 **thirty-six percent (36%) rate set forth in subsection (3), the**
 27 **seller may contract for and receive as a condition for, or an**
 28 **incident to, the extension of credit only the authorized**
 29 **nonrefundable fee under subsection (12), whether the fee is:**

30 **(i) paid separately in cash or by check before or at**
 31 **consummation; or**

32 **(ii) withheld from the proceeds of the consumer credit sale.**

33 ~~(4)~~ **(6) For the purposes of this section, the term of a sale agreement**
 34 **commences with the date the credit is granted or, if goods are delivered**
 35 **or services performed more than thirty (30) days after that date, with**
 36 **the date of commencement of delivery or performance except as set**
 37 **forth below:**

38 (a) Delays attributable to the customer. Where the customer
 39 requests delivery after the thirty (30) day period or where delivery
 40 occurs after the thirty (30) day period for a reason attributable to
 41 the customer (including but not limited to failure to close on a
 42 residence or failure to obtain lease approval), the term of the sale



1 agreement shall commence with the date credit is granted.

2 (b) Partial Deliveries. Where any portion of the order has been
3 delivered within the thirty (30) day period, the term of the sale
4 agreement shall commence with the date credit is granted.

5 Differences in the lengths of months are disregarded and a day may be
6 counted as one-thirtieth (1/30) of a month. Subject to classifications
7 and differentiations the seller may reasonably establish, a part of a
8 month in excess of fifteen (15) days may be treated as a full month if
9 periods of fifteen (15) days or less are disregarded and that procedure
10 is not consistently used to obtain a greater yield than would otherwise
11 be permitted.

12 **(7) With respect to a consumer credit sale made pursuant to a**
13 **revolving charge account, the parties to the sale may contract for**
14 **the payment by the buyer of a credit service charge not exceeding**
15 **that permitted in this section, subject to the following:**

16 **(a) The credit service charge contracted for and received may**
17 **not exceed a charge in each monthly billing cycle which is**
18 **either two and eighty-three thousandths percent (2.083%), in**
19 **the case of a sale agreement described in subsection (2), or**
20 **three percent (3%), in the case of a sale agreement described**
21 **in subsection (3), of an amount not greater than:**

22 **(i) the average daily balance of the account;**

23 **(ii) the unpaid balance of the account on the same day of**
24 **the billing cycle; or**

25 **(iii) subject to subsection (8), the median amount within a**
26 **specified range within which the average daily balance of**
27 **the account or the unpaid balance of the account, on the**
28 **same day of the billing cycle, is included.**

29 **For purposes of clauses (ii) and (iii), a variation of not more**
30 **than four (4) days from month to month is "the same day of**
31 **the billing cycle".**

32 **(b) If the billing cycle is not monthly, the maximum charge is**
33 **that percentage which bears the same relation to the**
34 **applicable monthly maximum percentage as the number of**
35 **days in the billing cycle bears to thirty (30).**

36 **(c) Notwithstanding subdivision (a), if there is an unpaid**
37 **balance on the date as of which the credit service charge is**
38 **applied, the seller may contract for and receive a charge not**
39 **exceeding fifty cents (\$0.50) if the billing cycle is monthly or**
40 **longer, or the pro rata part of fifty cents (\$0.50) which bears**
41 **the same relation to fifty cents (\$0.50) as the number of days**
42 **in the billing cycle bears to thirty (30) if the billing cycle is**



1 **shorter than monthly. However, a seller may not contract for**
 2 **or receive a charge under this subdivision if the seller has**
 3 **made an annual charge for the same period as permitted by**
 4 **the provisions on additional charges in section 202(1)(e) of**
 5 **this chapter.**

6 ~~(5)~~ **(8)** Subject to classifications and differentiations the seller may
 7 reasonably establish, the seller may make the same credit service
 8 charge on all amounts financed within a specified range. A credit
 9 service charge so made does not violate subsection (2) **or (3)** if:

- 10 (a) when applied to the median amount within each range, it does
 11 not exceed the maximum permitted by subsection (2) **or (3)**; and
 12 (b) when applied to the lowest amount within each range, it does
 13 not produce a rate of credit service charge exceeding the rate
 14 calculated according to ~~paragraph~~ **subdivision** (a) by more than
 15 eight percent (8%) of the rate calculated according to ~~paragraph~~
 16 **subdivision** (a).

17 ~~(6)~~ **(9)** Notwithstanding ~~subsection~~ **subsections (2) and (3), with**
 18 **respect to a consumer sale other than a sale under a revolving**
 19 **charge account**, the seller may contract for and receive a minimum
 20 credit service charge of not more than thirty dollars (\$30). The
 21 minimum credit service charge allowed under this subsection may be
 22 imposed only if **the seller does not contract for or receive a**
 23 **nonrefundable fee under subsection (12) and:**

- 24 (a) the debtor prepays in full a consumer credit sale, refinancing,
 25 or consolidation, regardless of whether the sale, refinancing, or
 26 consolidation is precomputed;
 27 (b) the sale, refinancing, or consolidation prepaid by the debtor is
 28 subject to a credit service charge that:
 29 (i) is contracted for by the parties; and
 30 (ii) does not exceed the rate prescribed in subsection (2) **or**
 31 **(3)**; and
 32 (c) the credit service charge earned at the time of prepayment is
 33 less than the minimum credit service charge contracted for under
 34 this subsection.

35 ~~(7)~~ **(10)** The amounts of two thousand dollars (\$2,000) and four
 36 thousand dollars (\$4,000) in subsection (2) are subject to change
 37 pursuant to the provisions on adjustment of dollar amounts
 38 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 39 Reference Base Index to be used under this subsection is the Index for
 40 October 2012.

41 ~~(8)~~ **(11)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(9)** is
 42 subject to change under the provisions on adjustment of dollar amounts



1 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 2 Reference Base Index to be used under this subsection is the Index for
 3 October 1992.

4 **(12) This subsection applies to a sale agreement entered into**
 5 **after June 30, 2020. Except as provided in subsection (9), and**
 6 **subject to subsection (14), in addition to the credit service charge**
 7 **authorized by subsection (3) and to any other charges and fees**
 8 **permitted by this chapter, a seller may contract for and receive a**
 9 **nonrefundable fee of not more than one hundred fifty dollars**
 10 **(\$150). The nonrefundable fee is not subject to refund or rebate.**
 11 **However, any fee amount charged by the seller under this**
 12 **subsection that exceeds the amount of one hundred fifty dollars**
 13 **(\$150) constitutes a violation of this article under**
 14 **IC 24-4.5-6-107.5(l) and is subject to refund. The amount of one**
 15 **hundred fifty dollars (\$150) in this subsection is not subject to**
 16 **change under IC 24-4.5-1-106.**

17 **(13) If the director determines that a seller's accrual method of**
 18 **accounting as applied to a consumer credit sale under this section**
 19 **involves the application of subterfuge for the purpose of**
 20 **circumventing this chapter, the director may conform the credit**
 21 **service charge and fees for the transaction to the limitations set**
 22 **forth in this section and may require a refund of overcharges**
 23 **under IC 24-4.5-6-106(2)(a). A determination by the director under**
 24 **this subsection:**

25 **(a) must be in writing;**

26 **(b) shall be delivered to all parties in the transaction; and**

27 **(c) is subject to IC 4-21.5-3.**

28 **(14) At the time of consummation of a consumer credit sale:**

29 **(a) the credit service charge authorized by subsection (2) or**
 30 **(3), as applicable; and**

31 **(b) the nonrefundable fee authorized by subsection (12), in the**
 32 **case of a sale agreement entered into after June 30, 2020;**

33 **are subject to IC 35-45-7 and, when combined, may not exceed the**
 34 **rate set forth in IC 35-45-7-2.**

35 SECTION 4. IC 24-4.5-2-203.5, AS AMENDED BY P.L.280-2019,
 36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2019 (RETROACTIVE)]: Sec. 203.5. Delinquency Charges
 38 — (1) With respect to a consumer credit sale, refinancing, or
 39 consolidation, the parties may contract for a delinquency charge of not
 40 more than **the following:**

41 **(a) Five dollars (\$5) on any installment or minimum payment due**
 42 **that is not paid in full within not later than ten (10) days after its**



1 scheduled due date, **in the case of a consumer credit sale,**
 2 **refinancing, or consolidation that is made before July 1, 2019.**
 3 **The amount of five dollars (\$5) in this subdivision is subject**
 4 **to change under IC 24-4.5-1-106. In addition, the parties may**
 5 **provide by contract for a delinquency charge that is subject**
 6 **to change. If the parties provide by contract for a delinquency**
 7 **charge that is subject to change, the seller shall disclose in the**
 8 **contract that the amount of the delinquency charge is subject**
 9 **to change as allowed by IC 24-4.5-1-106.**

10 **(b) In the case of a consumer credit sale, refinancing, or**
 11 **consolidation that is made after June 30, 2019, the following:**

12 **(i) Five dollars (\$5) on any installment or minimum**
 13 **payment due that is not paid in full not later than ten (10)**
 14 **days after its scheduled due date, if installments under the**
 15 **consumer credit sale, refinancing, or consolidation are due**
 16 **every fourteen (14) days or less. The amount of five dollars**
 17 **(\$5) in this clause is not subject to change under**
 18 **IC 24-4.5-1-106.**

19 ~~(b)~~ **(ii) Twenty-five dollars (\$25) on any installment or**
 20 **minimum payment due that is not paid in full within not later**
 21 **than ten (10) days after its scheduled due date, if installments**
 22 **under the consumer credit sale, refinancing, or consolidation**
 23 **are due every fifteen (15) days or more. ~~or~~ The amount of**
 24 **twenty-five dollars (\$25) in this clause is not subject to**
 25 **change under IC 24-4.5-1-106.**

26 ~~(c)~~ **(iii) Twenty-five dollars (\$25) on any installment or**
 27 **minimum payment due that is not paid in full within not later**
 28 **than ten (10) days after its scheduled due date, in the case of**
 29 **a consumer credit sale, refinancing, or consolidation that is**
 30 **payable in a single installment that is due at least thirty (30)**
 31 **days after the consumer credit sale, refinancing, or**
 32 **consolidation is made. The amount of twenty-five dollars**
 33 **(\$25) in this clause is not subject to change under**
 34 **IC 24-4.5-1-106.**

35 (2) A delinquency charge under this section may be collected only
 36 once on an installment however long it remains in default. A
 37 delinquency charge on consumer credit sales made under a revolving
 38 charge account may be applied each month that the payment is less
 39 than the minimum required payment. A delinquency charge may be
 40 collected any time after it accrues. No delinquency charge may be
 41 collected if:

42 **(a) the installment has been deferred and a deferral charge**



1 (IC 24-4.5-2-204) has been paid or incurred;
 2 **(b) a charge for a skip-a-payment service under**
 3 **IC 24-4.5-2-202(1)(f) has been paid or incurred, as provided**
 4 **in IC 24-4.5-2-202(1)(f)(iii); or**
 5 **(c) a charge for an optional expedited payment service under**
 6 **IC 24-4.5-2-202(1)(g) has been paid or incurred, as provided**
 7 **in IC 24-4.5-2-202(1)(g)(v).**

8 (3) A creditor may not, directly or indirectly, charge or collect a
 9 delinquency charge on a payment that:

10 (a) is paid ~~within~~ **not later than** ten (10) days after its scheduled
 11 due date; and

12 (b) is otherwise a full payment of the payment due for the
 13 applicable installment period;

14 if the only delinquency with respect to the consumer credit sale,
 15 refinancing, or consolidation is attributable to a delinquency charge
 16 assessed on an earlier installment.

17 (4) If two (2) or more installments, or parts of two (2) or more
 18 installments, of a precomputed consumer credit sale are in default for
 19 ten (10) days or more, the creditor may elect to convert the consumer
 20 credit sale from a precomputed consumer credit sale to a consumer
 21 credit sale in which the credit service charge is based on unpaid
 22 balances. A creditor that makes this election shall make a rebate under
 23 the provisions on rebates upon prepayment under IC 24-4.5-2-210 as
 24 of the maturity date of the first delinquent installment, and thereafter
 25 may make a credit service charge as authorized by the provisions on
 26 credit service charges for consumer credit sales under IC 24-4.5-2-201.
 27 The amount of the rebate shall not be reduced by the amount of any
 28 permitted minimum charge under IC 24-4.5-2-210. Any deferral
 29 charges made on installments due at or after the maturity date of the
 30 first delinquent installment shall be rebated, and no further deferral
 31 charges shall be made.

32 ~~(5) If the parties provide by contract for a delinquency charge that~~
 33 ~~is subject to change, the seller shall disclose in the contract that the~~
 34 ~~amount of the delinquency charge is subject to change as allowed by~~
 35 ~~IC 24-4.5-1-106.~~

36 SECTION 5. IC 24-4.5-2-204, AS AMENDED BY P.L.186-2015,
 37 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2020]: Sec. 204. Deferral Charges — (1) **This section applies**
 39 **only to a consumer credit sale, refinancing, or consolidation, that**
 40 **is entered into before July 1, 2020.** With respect to a precomputed
 41 consumer credit sale, refinancing, or consolidation, the parties before
 42 or after default may agree in writing to a deferral of all or part of one



1 (1) or more unpaid ~~instalments~~; **installments**, and the seller may make
 2 and collect a charge not exceeding the lesser of thirty-six percent
 3 (36%) per year or the rate previously stated to the buyer pursuant to the
 4 provisions on disclosure (Part 3) applied to the amount or amounts
 5 deferred for the period of deferral calculated without regard to
 6 differences in lengths of months, but proportionately for a part of a
 7 month, counting each day as one-thirtieth (1/30) of a month. A deferral
 8 charge may be collected at the time it is assessed or at any time
 9 thereafter.

10 (2) The seller, in addition to the deferral charge, may make
 11 appropriate additional charges (IC 24-4.5-2-202), and the amount of
 12 these charges which is not paid in cash may be added to the amount
 13 deferred for the purpose of calculating the deferral charge.

14 (3) The parties may agree in writing at the time of a precomputed
 15 consumer credit sale, refinancing, or consolidation that if an ~~instalment~~
 16 **installment** is not paid within ten (10) days after its due date, the seller
 17 may unilaterally grant a deferral and make charges as provided in this
 18 section. No deferral charge may be made for a period after the date that
 19 the seller elects to accelerate the maturity of the agreement.

20 (4) A delinquency charge made by the seller on an ~~instalment~~
 21 **installment** may not be retained if a deferral charge is made pursuant
 22 to this section with respect to the period of delinquency.

23 SECTION 6. IC 24-4.5-2-205 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 205. Credit Service
 25 Charge on Refinancing — With respect to a consumer credit sale,
 26 refinancing, or consolidation, the seller may by agreement with the
 27 buyer refinance the unpaid balance and may contract for and receive a
 28 credit service charge based on the amount financed resulting from the
 29 refinancing at a rate not exceeding that permitted by the provisions on
 30 credit service charge for consumer credit sales (IC 24-4.5-2-201). For
 31 the purpose of determining the credit service charge permitted, the
 32 amount financed resulting from the refinancing comprises the
 33 following:

34 (†) (a) If :

- 35 (i) the transaction was not precomputed, the total of the unpaid
 36 balance and accrued charges on the date of refinancing; or ~~if~~
 37 (ii) the transaction was precomputed, **in the case of a**
 38 **transaction entered into before July 1, 2020**, the amount
 39 which the buyer would have been required to pay upon
 40 prepayment pursuant to the provisions on rebate upon
 41 prepayment (IC 24-4.5-2-210) on the date of refinancing.

42 (‡) (b) Appropriate additional charges (IC 24-4.5-2-202),



1 payment of which is deferred.
2 SECTION 7. IC 24-4.5-2-207 IS REPEALED [EFFECTIVE JULY
3 1, 2020]. Sec. 207. Credit Service Charge for Revolving Charge
4 Accounts — (1) With respect to a consumer credit sale made pursuant
5 to a revolving charge account; the parties to the sale may contract for
6 the payment by the buyer of a credit service charge not exceeding that
7 permitted in this section.
8 (2) A charge may be made in each billing cycle which is a
9 percentage of an amount no greater than:
10 (a) the average daily balance of the account;
11 (b) the unpaid balance of the account on the same day of the
12 billing cycle; or
13 (c) the median amount within a specified range within which the
14 average daily balance of the account or the unpaid balance of the
15 account on the same day of the billing cycle is included. A charge
16 may be made pursuant to this subdivision only if the seller,
17 subject to classification and differentiations the seller may
18 reasonably establish, makes the same charge on all balances
19 within the specified range and if the percentage when applied to
20 the median amount within the range does not produce a charge
21 exceeding the charge resulting from applying that percentage to
22 the lowest amount within the range by more than eight percent
23 (8%) of the charge on the median amount.
24 (3) If the billing cycle is monthly; the charge may not exceed two
25 and eighty-three thousandths percent (2.083%) of the amount pursuant
26 to subsection (2). If the billing cycle is not monthly; the maximum
27 charge is that percentage which bears the same relation to the
28 applicable monthly percentage as the number of days in the billing
29 cycle bears to thirty (30). For the purposes of this section; a variation
30 of not more than four (4) days from month to month is "the same day
31 of the billing cycle".
32 (4) Notwithstanding subsection (3); if there is an unpaid balance on
33 the date as of which the credit service charge is applied; the seller may
34 contract for and receive a charge not exceeding fifty cents (\$.50); if the
35 billing cycle is monthly or longer; or the pro rata part of fifty cents
36 (\$.50) which bears the same relation to fifty cents (\$.50) as the number
37 of days in the billing cycle bears to thirty (30) if the billing cycle is
38 shorter than monthly.
39 SECTION 8. IC 24-4.5-2-208 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 208. Advances to
41 Perform Covenants of Buyer — (1) If the agreement with respect to a
42 consumer credit sale, refinancing, or consolidation contains covenants



1 by the buyer to perform certain duties pertaining to insuring or
 2 preserving collateral and the seller pursuant to the agreement pays for
 3 performance of the duties on behalf of the buyer, the seller may add the
 4 amounts paid to the debt. Within a reasonable time after advancing any
 5 sums, ~~he~~ **the seller** shall state to the buyer in writing the amount of the
 6 sums advanced, any charges with respect to this amount, and any
 7 revised payment schedule and, if the duties of the buyer performed by
 8 the seller pertain to insurance, a brief description of the insurance paid
 9 for by the seller including the type and amount of coverages. No further
 10 information need be given.

11 (2) A credit service charge may be made for sums advanced
 12 pursuant to subsection (1) at a rate not exceeding the rate stated to the
 13 buyer pursuant to the provisions on disclosure (Part 3) with respect to
 14 the sale, refinancing or consolidation, except that with respect to a
 15 revolving charge account the amount of the advance may be added to
 16 the unpaid balance of the account and the seller may make a credit
 17 service charge not exceeding that permitted by the provisions on credit
 18 service charge for revolving charge accounts (~~24-4.5-2-207~~).
 19 **(IC 24-4.5-2-201(7)).**

20 SECTION 9. IC 24-4.5-2-209, AS AMENDED BY P.L.73-2016,
 21 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2020]: Sec. 209. (1) Subject to the provisions on rebate upon
 23 prepayment (section 210 of this chapter), the buyer may prepay in full
 24 the unpaid balance of a consumer credit sale, refinancing, or
 25 consolidation at any time without penalty.

26 (2) At the time of prepayment of a credit sale not subject to the
 27 provisions of rebate upon prepayment (section 210 of this chapter), the
 28 total credit service charge:

29 (a) including the prepaid credit service charge; **but**

30 (b) **excluding the nonrefundable fee allowed under section**
 31 **201(12) of this chapter, in the case of a sale agreement entered**
 32 **into after June 30, 2020;**

33 may not exceed the maximum charge allowed under this chapter for the
 34 period the credit sale was in effect.

35 (3) The creditor or mortgage servicer shall provide, in writing, an
 36 accurate payoff amount for the consumer credit sale to the debtor
 37 within seven (7) business days (excluding legal public holidays,
 38 Saturdays, and Sundays) after the creditor or mortgage servicer
 39 receives the debtor's written request for the accurate consumer credit
 40 sale payoff amount. A payoff statement provided by a creditor or
 41 mortgage servicer under this subsection must show the date the
 42 statement was prepared and itemize the unpaid principal balance and



1 each fee, charge, or other sum included within the payoff amount. A
 2 creditor or mortgage servicer who fails to provide the accurate
 3 consumer credit sale payoff amount is liable for:

4 (A) one hundred dollars (\$100) if an accurate consumer credit
 5 sale payoff amount is not provided by the creditor or mortgage
 6 servicer within seven (7) business days (excluding legal public
 7 holidays, Saturdays, and Sundays) after the creditor or mortgage
 8 servicer receives the debtor's first written request; and

9 (B) the greater of:

10 (i) one hundred dollars (\$100); or

11 (ii) the credit service charge that accrues on the sale from the
 12 date the creditor or mortgage servicer receives the first written
 13 request until the date on which the accurate consumer credit
 14 sale payoff amount is provided;

15 if an accurate consumer credit sale payoff amount is not provided
 16 by the creditor or mortgage servicer within seven (7) business
 17 days (excluding legal public holidays, Saturdays, and Sundays)
 18 after the creditor or mortgage servicer receives the debtor's
 19 second written request, and the creditor or mortgage servicer
 20 failed to comply with clause (A).

21 A liability under this subsection is an excess charge under
 22 IC 24-4.5-5-202.

23 (4) As used in this subsection, "mortgage transaction" means a
 24 consumer credit sale in which a mortgage or a land contract (or another
 25 consensual security interest equivalent to a mortgage or a land contract)
 26 that constitutes a lien is created or retained against land upon which
 27 there is constructed or intended to be constructed a dwelling that is or
 28 will be used by the debtor primarily for personal, family, or household
 29 purposes. This subsection applies to a mortgage transaction with
 30 respect to which any installment or minimum payment due is
 31 delinquent for at least sixty (60) days. The creditor, servicer, or the
 32 creditor's agent shall acknowledge a written offer made in connection
 33 with a proposed short sale not later than five (5) business days
 34 (excluding legal public holidays, Saturdays, and Sundays) after the date
 35 of the offer if the offer complies with the requirements for a qualified
 36 written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor,
 37 servicer, or creditor's agent is required to acknowledge a written offer
 38 made in connection with a proposed short sale from a third party acting
 39 on behalf of the debtor only if the debtor has provided written
 40 authorization for the creditor, servicer, or creditor's agent to do so. Not
 41 later than thirty (30) business days (excluding legal public holidays,
 42 Saturdays, and Sundays) after receipt of an offer under this subsection,



1 the creditor, servicer, or creditor's agent shall respond to the offer with
 2 an acceptance or a rejection of the offer. The thirty (30) day period
 3 described in this subsection may be extended for not more than fifteen
 4 (15) business days (excluding legal public holidays, Saturdays, and
 5 Sundays) if, before the end of the thirty (30) day period, the creditor,
 6 the servicer, or the creditor's agent notifies the debtor of the extension
 7 and the reason the extension is needed. Payment accepted by a creditor,
 8 servicer, or creditor's agent in connection with a short sale constitutes
 9 payment in full satisfaction of the mortgage transaction unless the
 10 creditor, servicer, or creditor's agent obtains:

11 (a) the following statement: "The debtor remains liable for any
 12 amount still owed under the mortgage transaction."; or

13 (b) a statement substantially similar to the statement set forth in
 14 subdivision (a);

15 acknowledged by the initials or signature of the debtor, on or before the
 16 date on which the short sale payment is accepted. As used in this
 17 subsection, "short sale" means a transaction in which the property that
 18 is the subject of a mortgage transaction is sold for an amount that is
 19 less than the amount of the debtor's outstanding obligation under the
 20 mortgage transaction. A creditor or mortgage servicer that fails to
 21 respond to an offer within the time prescribed by this subsection is
 22 liable in accordance with 12 U.S.C. 2605(f) in any action brought
 23 under that section.

24 (5) This section is not intended to provide the owner of real estate
 25 subject to the issuance of process under a judgment or decree of
 26 foreclosure any protection or defense against a deficiency judgment for
 27 purposes of the borrower protections from liability that must be
 28 disclosed under 12 CFR 1026.38(p)(3) on the form required by 12 CFR
 29 1026.38 ("Closing Disclosures" form under the Amendments to the
 30 2013 Integrated Mortgage Disclosures Rule Under the Real Estate
 31 Settlement Procedures Act (Regulation X) and the Truth In Lending
 32 Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth
 33 in Lending Act (Regulation Z)).

34 SECTION 10. IC 24-4.5-2-210 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 210. Rebate upon
 36 Prepayment — (1) **Except for subsections (2) and (9), this section**
 37 **applies only to a sale agreement entered into before July 1, 2020.**
 38 Except as provided in subsection (2), upon prepayment in full of the
 39 unpaid balance of a precomputed consumer credit sale, refinancing, or
 40 consolidation, an amount not less than the unearned portion of the
 41 credit service charge calculated according to this section shall be
 42 rebated to the buyer. If the rebate required is less than one dollar (\$1),



1 no rebate need be made.

2 (2) Upon prepayment in full of a consumer credit sale, refinancing,
3 or consolidation, other than one pursuant to a revolving charge account,
4 if the credit service charge then earned is less than any permitted
5 minimum credit service charge (~~IC 24-4.5-2-201(6)~~)
6 **(IC 24-4.5-2-201(9))** contracted for, whether or not the sale,
7 refinancing, or consolidation is precomputed, the seller may collect or
8 retain the minimum charge, as if earned, not exceeding the credit
9 service charge contracted for.

10 (3) The unearned portion of the credit service charge is a fraction of
11 the credit service charge of which the numerator is the sum of the
12 periodic balances scheduled to follow the computational period in
13 which prepayment occurs, and the denominator is the sum of all
14 periodic balances under either the sale agreement or, if the balance
15 owing resulted from a refinancing (IC 24-4.5-2-205) or a consolidation
16 (IC 24-4.5-2-206), under the refinancing agreement or consolidation
17 agreement.

18 (4) In this section:

19 (a) "periodic balance" means the amount scheduled to be
20 outstanding on the last day of a computational period before
21 deducting the payment, if any, scheduled to be made on that day;
22 (b) "computational period" means one (1) month if one-half (1/2)
23 or more of the intervals between scheduled payments under the
24 agreement is one (1) month or more, and otherwise means one (1)
25 week;

26 (c) the "interval" to the due date of the first scheduled installment
27 or the final scheduled payment date is measured from the date of
28 a sale, refinancing, or consolidation, or any later date prescribed
29 for calculating maximum credit service charges
30 (~~IC 24-4.5-2-201(4)~~) **(IC 24-4.5-2-201(6))** and includes either the
31 first or last day of the interval; and

32 (d) if the interval to the due date of the first scheduled installment
33 does not exceed one (1) month by more than fifteen (15) days
34 when the computational period is one (1) month, or eleven (11)
35 days when the computational period is one (1) week, the interval
36 shall be considered as one (1) computational period.

37 (5) This subsection applies only if the schedule of payments is not
38 regular.

39 (a) If the computational period is one (1) month and:

40 (i) if the number of days in the interval to the due date of the
41 first scheduled installment is less than one (1) month by more
42 than five (5) days, or more than one (1) month by more than



- 1 five (5) but not more than fifteen (15) days, the unearned
 2 credit service charge shall be increased by an adjustment for
 3 each day by which the interval is less than one (1) month and,
 4 at the option of the seller, may be reduced by an adjustment for
 5 each day by which the interval is more than one (1) month; the
 6 adjustment for each day shall be one-thirtieth (1/30) of that
 7 part of the credit service charge earned in the computational
 8 period prior to the due date of the first scheduled installment
 9 assuming that period to be one (1) month; and
 10 (ii) if the interval to the final scheduled payment date is a
 11 number of computational periods plus an additional number of
 12 days less than a full month, the additional number of days shall
 13 be considered a computational period only if sixteen (16) days
 14 or more. This ~~subparagraph~~ **clause** applies whether or not
 15 clause (i) applies.
- 16 (b) Notwithstanding ~~paragraph~~ **subdivision** (a), if the
 17 computational period is one (1) month, the number of days in the
 18 interval to the due date of the first installment exceeds one (1)
 19 month by not more than fifteen (15) days, and the schedule of
 20 payments is otherwise regular, the seller, at the seller's option,
 21 may exclude the extra days and the charge for the extra days in
 22 computing the unearned credit service charge; but if the seller
 23 does so and a rebate is required before the due date of the first
 24 scheduled installment, the seller shall compute the earned charge
 25 for each elapsed day as one-thirtieth (1/30) of the amount the
 26 earned charge would have been if the first interval had been one
 27 (1) month.
- 28 (c) If the computational period is one (1) week and:
 29 (i) if the number of days in the interval to the due date of this
 30 first scheduled installment is less than five (5) days or more
 31 than nine (9) days but not more than eleven (11) days, the
 32 unearned credit service charge shall be increased by an
 33 adjustment for each day by which the interval is less than
 34 seven (7) days and, at the option of the seller, may be reduced
 35 by an adjustment for each day by which the interval is more
 36 than seven (7) days; the adjustment for each day shall be
 37 one-seventh (1/7) of that part of the credit service charge
 38 earned in the computational period prior to the due date of the
 39 first scheduled installment assuming that period to be one (1)
 40 week; and
 41 (ii) if the interval to the final scheduled payment date is a
 42 number of computational periods plus an additional number of



1 days less than a full week, the additional number of days shall
 2 be considered a computational period only if five (5) days or
 3 more. This ~~subparagraph clause~~ applies whether or not
 4 ~~subparagraph clause~~ (i) applies.

5 (6) If a deferral (IC 24-4.5-2-204) has been agreed to, the unearned
 6 portion of the credit service charge shall be computed without regard
 7 to the deferral. The amount of deferral charge earned at the date of
 8 prepayment shall also be calculated. If the deferral charge earned is
 9 less than the deferral charge paid, the difference shall be added to the
 10 unearned portion of the credit service charge. If any part of a deferral
 11 charge has been earned but has not been paid, that part shall be
 12 subtracted from the unearned portion of the credit service charge or
 13 shall be added to the unpaid balance.

14 (7) This section does not preclude the collection or retention by the
 15 seller of delinquency charges (~~IC 24-4.5-2-203, repealed in 1994~~;
 16 **IC 24-4.5-2-203.5**).

17 (8) If the maturity is accelerated for any reason and judgment is
 18 obtained, the buyer is entitled to the same rebate as if payment had
 19 been made on the date judgment is entered.

20 (9) Upon prepayment in full of a consumer credit sale by the
 21 proceeds of consumer credit insurance (**as defined in IC 24-4.5-4-103**),
 22 the buyer or the buyer's estate shall pay the same credit service charge
 23 or receive the same rebate as though the buyer had prepaid the
 24 agreement on the date the proceeds of the insurance are paid to the
 25 seller, but no later than ten (10) business days after satisfactory proof
 26 of loss is furnished to the seller. This subsection applies whether or not
 27 the credit sale is precomputed.

28 (10) Upon prepayment in full of a transaction with a term of more
 29 than sixty-one (61) months, the unearned part of the credit service
 30 charge shall be computed by applying the disclosed annual percentage
 31 rate that would yield the credit service charge originally contracted for
 32 to the unpaid balances of the amount financed for the full
 33 computational periods following the prepayment, as originally
 34 scheduled or as deferred.

35 SECTION 11. IC 24-4.5-2-602, AS AMENDED BY P.L.73-2016,
 36 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2020]: Sec. 602. (1) A "consumer related sale" is a sale of
 38 goods, services, or an interest in land in which:

- 39 (a) credit is granted by a person that is not regularly engaged as
 40 a seller in credit transactions of the same kind;
 41 (b) the buyer is a person other than an organization;
 42 (c) the goods, services, or interest in land are purchased primarily



1 for a personal, family, or household purpose;

2 (d) either the debt is payable in installments or a credit service
3 charge is made; and

4 (e) with respect to a sale of goods or services:

5 (i) either the amount of credit extended, the written credit
6 limit, or the initial advance does not exceed the exempt
7 threshold amount, as adjusted in accordance with the annual
8 adjustment of the exempt threshold amount, specified in
9 Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as
10 applicable); or

11 (ii) the debt is secured by personal property used or expected
12 to be used as the principal dwelling of the buyer.

13 (2) With respect to a consumer related sale not made pursuant to a
14 revolving charge account, the parties may contract for an amount
15 comprising the amount financed and a credit service charge not in
16 excess of twenty-five percent (25%) per year calculated according to
17 the actuarial method on the unpaid balances of the amount financed.

18 (3) With respect to a consumer related sale made pursuant to a
19 revolving charge account, the parties may contract for a credit service
20 charge not in excess of that permitted by the provisions on credit
21 service charge for revolving charge accounts (~~IC 24-4.5-2-207~~);
22 **(IC 24-4.5-2-201(7)).**

23 (4) A person engaged in consumer related sales is not required to
24 comply with IC 24-4.5-6-201 through IC 24-4.5-6-203.

25 SECTION 12. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017,
26 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2020]: Sec. 201. Loan Finance Charge for Consumer Loans
28 other than Supervised Loans—(1) Except as provided in subsections
29 ~~(6)~~ (7) and ~~(8)~~; **(9)**, with respect to a consumer loan, other than a
30 supervised loan (as defined in section 501 of this chapter), a lender
31 may contract for a loan finance charge, calculated according to the
32 actuarial method, not exceeding:

33 **(a) twenty-five percent (25%) per year on the unpaid balances of**
34 **the principal (as defined in section 107(3) of this chapter), in**
35 **the case of a loan agreement that:**

36 **(i) is entered into before July 1, 2020; and**

37 **(ii) is not for a supervised loan (as defined in section 501 of**
38 **this chapter); or**

39 **(b) subject to subsection (3), thirty-six percent (36%) per year**
40 **on the unpaid balances of the principal (as defined in section**
41 **107(3) of this chapter), in the case of a loan agreement that is**
42 **entered into after June 30, 2020.**



1 **(2) In the case of a loan agreement entered into before July 1,**
 2 **2020,** this section does not limit or restrict the manner of contracting
 3 for the loan finance charge, whether by way of add-on, discount, or
 4 otherwise, so long as the rate of the loan finance charge does not
 5 exceed that permitted by this section. If the loan is precomputed:

6 (a) the loan finance charge may be calculated on the assumption
 7 that all scheduled payments will be made when due; and

8 (b) the effect of prepayment is governed by the provisions on
 9 rebate upon prepayment in section 210 of this chapter.

10 **(3) The following apply to a loan agreement for a consumer loan**
 11 **(or for the refinancing or consolidation of a consumer loan) that is**
 12 **entered into after June 30, 2020:**

13 **(a) The consumer loan is subject to this section, including the**
 14 **limitations set forth in:**

15 (i) subsection (1)(b) with respect to the loan finance
 16 charge; and

17 (ii) subsection (9)(b)(ii) with respect to the amount of the
 18 authorized nonrefundable fee, in the case of a consumer
 19 loan that is not secured by an interest in land.

20 **(b) The consumer loan is not considered a supervised loan**
 21 **under section 501 of this chapter.**

22 **(c) The loan finance charge authorized by this section must**
 23 **be:**

24 (i) contracted for between the lender and the debtor; and

25 (ii) calculated by applying a rate not exceeding the rate set
 26 forth in subsection (1)(b) to unpaid balances of the
 27 principal (as defined in section 107(3) of this chapter).

28 **(d) A loan agreement for a precomputed consumer loan is**
 29 **prohibited.**

30 **(e) Subject to subsection (12), in addition to the loan finance**
 31 **charge authorized by subsection (1)(b), and not subject to the**
 32 **thirty-six percent (36%) rate set forth in subsection (1)(b), the**
 33 **lender may contract for and receive as a condition for, or an**
 34 **incident to, the extension of credit only the authorized**
 35 **nonrefundable fee under subsection (9), whether the fee is:**

36 (i) paid separately in cash or by check before or at
 37 consummation; or

38 (ii) withheld from the proceeds of the consumer loan.

39 ~~(3)~~ **(4) For the purposes of this section, the term of a loan**
 40 **commences with the date the loan is made. Differences in the lengths**
 41 **of months are disregarded, and a day may be counted as one-thirtieth**
 42 **(1/30) of a month. Subject to classifications and differentiations the**



1 lender may reasonably establish, a part of a month in excess of fifteen
 2 (15) days may be treated as a full month if periods of fifteen (15) days
 3 or less are disregarded and if that procedure is not consistently used to
 4 obtain a greater yield than would otherwise be permitted. For purposes
 5 of computing average daily balances, the creditor may elect to treat all
 6 months as consisting of thirty (30) days.

7 ~~(4)~~ **(5)** With respect to a consumer loan made pursuant to a
 8 revolving loan account:

9 (a) the loan finance charge shall be deemed not to exceed the
 10 maximum annual percentage rate if the loan finance charge
 11 contracted for and received does not exceed a charge in each
 12 monthly billing cycle which is **either** two and eighty-three
 13 thousandths percent (2.083%), **in the case of a loan agreement**
 14 **described in subsection (1)(a), or three percent (3%), in the**
 15 **case of a loan agreement described in subsection (1)(b)**, of an
 16 amount not greater than:

- 17 (i) the average daily balance of the debt;
- 18 (ii) the unpaid balance of the debt on the same day of the
 19 billing cycle; or
- 20 (iii) subject to subsection ~~(5)~~; **(6)**, the median amount within
 21 a specified range within which the average daily balance or the
 22 unpaid balance of the debt, on the same day of the billing
 23 cycle, is included; for the purposes of this ~~subparagraph clause~~
 24 and ~~subparagraph clause~~ **(ii)**, a variation of not more than four
 25 (4) days from month to month is "the same day of the billing
 26 cycle";

27 (b) if the billing cycle is not monthly, the loan finance charge
 28 shall be deemed not to exceed the maximum annual percentage
 29 rate if the loan finance charge contracted for and received does
 30 not exceed a percentage which bears the same relation to
 31 one-twelfth (1/12) the maximum annual percentage rate as the
 32 number of days in the billing cycle bears to thirty (30); and

33 (c) notwithstanding subsection (1), if there is an unpaid balance
 34 on the date as of which the loan finance charge is applied, the
 35 lender may contract for and receive a charge not exceeding fifty
 36 cents (\$0.50) if the billing cycle is monthly or longer, or the pro
 37 rata part of fifty cents (\$0.50) which bears the same relation to
 38 fifty cents (\$0.50) as the number of days in the billing cycle bears
 39 to thirty (30) if the billing cycle is shorter than monthly, but no
 40 charge may be made pursuant to this ~~paragraph subdivision~~ if the
 41 lender has made an annual charge for the same period as
 42 permitted by the provisions on additional charges in section



- 1 202(1)(c) of this chapter.
- 2 ~~(5)~~ **(6)** Subject to classifications and differentiations the lender may
- 3 reasonably establish, the lender may make the same loan finance
- 4 charge on all amounts financed within a specified range. A loan finance
- 5 charge does not violate subsection (1) if:
- 6 (a) when applied to the median amount within each range, it does
- 7 not exceed the maximum permitted by subsection (1); and
- 8 (b) when applied to the lowest amount within each range, it does
- 9 not produce a rate of loan finance charge exceeding the rate
- 10 calculated according to ~~paragraph~~ **subdivision** (a) by more than
- 11 eight percent (8%) of the rate calculated according to ~~paragraph~~
- 12 **subdivision** (a).
- 13 ~~(6)~~ **(7)** With respect to a consumer loan not made pursuant to a
- 14 revolving loan account, the lender may contract for and receive a
- 15 minimum loan finance charge of not more than thirty dollars (\$30). The
- 16 minimum loan finance charge allowed under this subsection may be
- 17 imposed only if the lender does not ~~assess contract for or receive a~~
- 18 nonrefundable ~~prepaid finance charge fee~~ under subsection ~~(8)~~ **(9)** and:
- 19 (a) the debtor prepays in full a consumer loan, refinancing, or
- 20 consolidation, regardless of whether the loan, refinancing, or
- 21 consolidation is precomputed;
- 22 (b) the loan, refinancing, or consolidation prepaid by the debtor
- 23 is subject to a loan finance charge that:
- 24 (i) is contracted for by the parties; and
- 25 (ii) does not exceed the rate prescribed in subsection (1); and
- 26 (c) the loan finance charge earned at the time of prepayment is
- 27 less than the minimum loan finance charge contracted for under
- 28 this subsection.
- 29 ~~(7)~~ **(8)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(7)** is
- 30 subject to change under the provisions on adjustment of dollar amounts
- 31 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
- 32 Reference Base Index to be used under this subsection is the Index for
- 33 October 1992.
- 34 ~~(8)~~ **(9)** Except as provided in subsection ~~(6)~~; **(7)**, and **subject to**
- 35 **subsection (12)**, in addition to the loan finance charge ~~provided for in~~
- 36 ~~this section authorized by subsection (1)~~ and to any other charges and
- 37 fees permitted by this chapter, a lender may contract for and receive a
- 38 nonrefundable ~~prepaid finance charge fee~~ of not more than the
- 39 following:
- 40 (a) In the case of a consumer loan that is secured by an interest in
- 41 land and that:
- 42 (i) is not made under a revolving loan account, two percent



- 1 (2%) of the loan amount; or
 2 (ii) is made under a revolving loan account, two percent (2%)
 3 of the line of credit.
- 4 (b) In the case of consumer loan that is not secured by an interest
 5 in land:
 6 (i) fifty dollars (\$50), in the case of a loan agreement
 7 described in subsection (1)(a); or
 8 (ii) not more than one hundred fifty dollars (\$150), in the
 9 case of a loan agreement described in subsection (1)(b).
- 10 **The amounts of fifty dollars (\$50) and one hundred fifty dollars**
 11 **(\$150) in this subsection are not subject to change under**
 12 **IC 24-4.5-1-106.**
- 13 ~~(9)~~ **(10)** The nonrefundable prepaid finance charge fee provided for
 14 in subsection ~~(8)~~ **(9)** is not subject to refund or rebate. **However, in the**
 15 **case of a loan agreement described in subsection (1)(b), any fee**
 16 **amount charged by the seller under subsection (9) that exceeds the**
 17 **amount of one hundred fifty dollars (\$150) constitutes a violation**
 18 **of this article under IC 24-4.5-6-107.5(l) and is subject to refund.**
- 19 **(11) If the director determines that a lender's accrual method of**
 20 **accounting as applied to a consumer loan under this section**
 21 **involves the application of subterfuge for the purpose of**
 22 **circumventing this chapter, the director may conform the loan**
 23 **finance charge and fees for the transaction to the limitations set**
 24 **forth in this section and may require a refund of overcharges**
 25 **under IC 24-4.5-6-106(2)(a). A determination by the director under**
 26 **this subsection:**
- 27 **(a) must be in writing;**
 28 **(b) shall be delivered to all parties in the transaction; and**
 29 **(c) is subject to IC 4-21.5-3.**
- 30 **(12) At the time of consummation of a consumer loan:**
 31 **(a) the loan finance charge authorized by subsection (1); and**
 32 **(b) the nonrefundable fee authorized by subsection (9);**
 33 **are subject to IC 35-45-7 and, when combined, may not exceed the**
 34 **rate set forth in IC 35-45-7-2.**
- 35 ~~(10)~~ **(13)** Notwithstanding subsections ~~(8)~~ **(9)** and ~~(9)~~; **(10)**, in the
 36 case of a consumer loan that is not secured by an interest in land, if a
 37 lender retains any part of a nonrefundable prepaid finance charge fee
 38 charged on a loan that is paid in full by a new loan from the same
 39 lender, the following apply:
 40 (a) If the loan is paid in full by the new loan within three (3)
 41 months after the date of the prior loan, the lender may not charge
 42 a nonrefundable prepaid finance charge fee on the new loan, or,



1 in the case of a revolving loan, on the increased credit line.

2 (b) The lender may not assess more than two (2) nonrefundable
3 ~~prepaid finance charges fees~~ in any twelve (12) month period.

4 **(c) Subject to subdivisions (a) and (b), if a loan that is entered**
5 **into by a lender and a debtor before July 1, 2020, is paid in**
6 **full by a new loan from the same lender after June 30, 2020,**
7 **the lender may contract for and receive a nonrefundable fee**
8 **in the amount set forth in subsection (9)(b)(ii) for the new**
9 **loan. However, a lender may not encourage or require a**
10 **debtor to refinance or consolidate a loan that is entered into**
11 **by the lender and the debtor before July 1, 2020, for the sole**
12 **purpose of obtaining a nonrefundable fee in the amount set**
13 **forth in subsection (9)(b)(ii) after June 30, 2020.**

14 ~~(H)~~ **(14)** In the case of a consumer loan that is secured by an
15 interest in land, this section does not prohibit a lender from contracting
16 for and receiving a fee for preparing deeds, mortgages, reconveyances,
17 and similar documents under section 202(1)(d)(ii) of this chapter, in
18 addition to the nonrefundable ~~prepaid finance charge fee~~ provided for
19 in subsection ~~(8)~~: **(9)**.

20 SECTION 13. IC 24-4.5-3-203.5, AS AMENDED BY
21 P.L.280-2019, SECTION 3, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2019 (RETROACTIVE)]: Sec. 203.5.
23 Delinquency Charges — (1) With respect to a consumer loan,
24 refinancing, or consolidation, the parties may contract for a
25 delinquency charge of not more than **the following**:

26 (a) Five dollars (\$5) on any installment or minimum payment due
27 that is not paid in full ~~within~~ **not later than** ten (10) days after its
28 scheduled due date, **in the case of a consumer loan, refinancing,**
29 **or consolidation that is made before July 1, 2019. The amount**
30 **of five dollars (\$5) in this subdivision is subject to change**
31 **under IC 24-4.5-1-106. In addition, the parties may provide by**
32 **contract for a delinquency charge that is subject to change. If**
33 **the parties provide by contract for a delinquency charge that**
34 **is subject to change, the lender shall disclose in the contract**
35 **that the amount of the delinquency charge is subject to change**
36 **as allowed by IC 24-4.5-1-106.**

37 (b) In the case of a consumer loan, refinancing, or
38 consolidation that is made after June 30, 2019, the following:

39 (i) Five dollars (\$5) on any installment or minimum
40 payment due that is not paid in full **not later than ten (10)**
41 **days after its scheduled due date**, if installments under the
42 consumer loan, refinancing, or consolidation are due every



- 1 fourteen (14) days or less. **The amount of five dollars (\$5) in**
- 2 **this clause is not subject to change under IC 24-4.5-1-106.**
- 3 ~~(b)~~ **(ii)** Twenty-five dollars (\$25) on any installment or
- 4 minimum payment due that is not paid in full ~~within~~ **not later**
- 5 **than** ten (10) days after its scheduled due date, if installments
- 6 under the consumer loan, refinancing, or consolidation are due
- 7 every fifteen (15) days or more. ~~or~~ **The amount of twenty-five**
- 8 **dollars (\$25) in this clause is not subject to change under**
- 9 **IC 24-4.5-1-106.**
- 10 ~~(c)~~ **(iii)** Twenty-five dollars (\$25) on any installment or
- 11 minimum payment due that is not paid in full ~~within~~ **not later**
- 12 **than** ten (10) days after its scheduled due date, in the case of
- 13 a consumer loan, refinancing, or consolidation that is payable
- 14 in a single installment that is due at least thirty (30) days after
- 15 the consumer loan, refinancing, or consolidation is made. **The**
- 16 **amount of twenty-five dollars (\$25) in this clause is not**
- 17 **subject to change under IC 24-4.5-1-106.**
- 18 (2) A delinquency charge under this section may be collected only
- 19 once on an installment however long it remains in default. With regard
- 20 to a delinquency charge on consumer loans made under a revolving
- 21 loan account, the delinquency charge may be applied each month that
- 22 the payment is less than the minimum required payment on the
- 23 account. A delinquency charge may be collected any time after it
- 24 accrues. A delinquency charge may not be collected if:
- 25 **(a)** the installment has been deferred and a deferral charge
- 26 (IC 24-4.5-3-204) has been paid or incurred;
- 27 **(b) a charge for a skip-a-payment service under**
- 28 **IC 24-4.5-3-202(1)(i) has been paid or incurred, as provided**
- 29 **in IC 24-4.5-3-202(1)(i)(iii); or**
- 30 **(c) a charge for an optional expedited payment service under**
- 31 **IC 24-4.5-3-202(1)(j) has been paid or incurred, as provided**
- 32 **in IC 24-4.5-3-202(1)(j)(v).**
- 33 (3) A creditor may not, directly or indirectly, charge or collect a
- 34 delinquency charge on a payment that:
- 35 (a) is paid ~~within~~ **not later than** ten (10) days after its scheduled
- 36 due date; and
- 37 (b) is otherwise a full payment of the payment due for the
- 38 applicable installment period;
- 39 if the only delinquency with respect to the consumer loan, refinancing,
- 40 or consolidation is attributable to a delinquency charge assessed on an
- 41 earlier installment.
- 42 (4) If two (2) or more installments, or parts of two (2) or more



1 installments, of a precomputed loan are in default for ten (10) days or
 2 more, the lender may elect to convert the loan from a precomputed loan
 3 to a loan in which the finance charge is based on unpaid balances. A
 4 lender that makes this election shall make a rebate under the provisions
 5 on rebates upon prepayment (IC 24-4.5-3-210) as of the maturity date
 6 of the first delinquent installment, and thereafter may make a loan
 7 finance charge as authorized by the provisions on loan finance charges
 8 for consumer loans (IC 24-4.5-3-201) or supervised loans
 9 (IC 24-4.5-3-508). The amount of the rebate shall not be reduced by the
 10 amount of any permitted minimum charge (IC 24-4.5-3-210). Any
 11 deferral charges made on installments due at or after the maturity date
 12 of the first delinquent installment shall be rebated, and no further
 13 deferral charges shall be made.

14 ~~(5) If the parties provide by contract for a delinquency charge that~~
 15 ~~is subject to change, the lender shall disclose in the contract that the~~
 16 ~~amount of the delinquency charge is subject to change as allowed by~~
 17 ~~IC 24-4.5-1-106.~~

18 SECTION 14. IC 24-4.5-3-204, AS AMENDED BY P.L.175-2015,
 19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2020]: Sec. 204. Deferral Charges — (1) **This section applies**
 21 **only to a consumer loan, refinancing, or consolidation, that is**
 22 **entered into before July 1, 2020.** With respect to a precomputed
 23 consumer loan, refinancing, or consolidation, the parties before or after
 24 default may agree in writing to a deferral of all or part of one (1) or
 25 more unpaid ~~instalments~~, **installments**, and the lender may make and
 26 collect a charge not exceeding the lesser of thirty-six percent (36%) per
 27 year or the rate previously stated to the debtor pursuant to the
 28 provisions on disclosure (Part 3) applied to the amount or amounts
 29 deferred for the period of deferral calculated without regard to
 30 difference in the lengths of months, but proportionally for a part of a
 31 month, counting each day as one-thirtieth (1/30) of a month. A deferral
 32 charge may be collected at the time it is assessed or at any time
 33 thereafter.

34 (2) The lender, in addition to the deferral charge, may make
 35 appropriate additional charges (IC 24-4.5-3-202), and the amount of
 36 these charges which is not paid in cash may be added to the amount
 37 deferred for the purpose of calculating the deferral charge.

38 (3) The parties may agree in writing at the time of a precomputed
 39 consumer loan, refinancing, or consolidation that if an ~~instalment~~
 40 **installment** is not paid within ten (10) days after its due date, the
 41 lender may unilaterally grant a deferral and make charges as provided
 42 in this section. No deferral charge may be made for a period after the



1 date that the lender elects to accelerate the maturity of the agreement.

2 (4) A delinquency charge made by the lender on an ~~instalment~~
3 **installment** may not be retained if a deferral charge is made pursuant
4 to this section with respect to the period of delinquency.

5 SECTION 15. IC 24-4.5-3-205 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 205. Loan Finance
7 Charge on Refinancing — With respect to a consumer loan,
8 refinancing, or consolidation, the lender may by agreement with the
9 debtor refinance the unpaid balance and may contract for and receive
10 a loan finance charge based on the principal resulting from the
11 refinancing at a rate not exceeding that permitted by the provisions on
12 a loan finance charge for consumer loans (IC 24-4.5-3-201) or the
13 provisions on a loan finance charge for supervised loans
14 (IC 24-4.5-3-508), whichever is appropriate. For the purpose of
15 determining the loan finance charge permitted, the principal resulting
16 from the refinancing comprises the following:

17 (±) (a) If:

18 (i) the transaction was not precomputed, the total of the unpaid
19 balance and the accrued charges on the date of the refinancing;
20 or ~~if~~

21 (ii) the transaction was precomputed, **in the case of a**
22 **transaction entered into before July 1, 2020**, the amount
23 which the debtor would have been required to pay upon
24 prepayment pursuant to the provisions on rebate upon
25 prepayment (IC 24-4.5-3-210) on the date of refinancing. ~~and~~

26 (±) (b) Appropriate additional charges (IC 24-4.5-3-202),
27 payment of which is deferred.

28 SECTION 16. IC 24-4.5-3-206 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec]. 206. Loan Finance
30 Charge on Consolidation — (1) If a debtor owes an unpaid balance to
31 a lender with respect to a consumer loan, refinancing, or consolidation,
32 and becomes obligated on another consumer loan, refinancing, or
33 consolidation with the same lender, the parties may agree to a
34 consolidation resulting in a single schedule of payments. If the previous
35 consumer loan, refinancing, or consolidation was not precomputed, the
36 parties may agree to add the unpaid amount of principal and accrued
37 charges on the date of consolidation to the principal with respect to the
38 subsequent loan. If the previous consumer loan, refinancing, or
39 consolidation was precomputed, **in the case of a transaction entered**
40 **into before July 1, 2020**, the parties may agree to refinance the unpaid
41 balance pursuant to the provisions on refinancing (IC 24-4.5-3-205)
42 and to consolidate the principal resulting from the refinancing by



1 adding it to the principal with respect to the subsequent loan. In either
 2 case the lender may contract for and receive a loan finance charge
 3 based on the aggregate principal resulting from the consolidation at a
 4 rate not in excess of that permitted by the provisions on loan finance
 5 charge for consumer loans (IC 24-4.5-3-201) or the provisions on loan
 6 finance charge for supervised loans (IC 24-4.5-3-508), whichever is
 7 appropriate.

8 (2) The parties may agree to consolidate the unpaid balance of a
 9 consumer loan with the unpaid balance of a consumer credit sale. The
 10 parties may agree to refinance the previous unpaid balance pursuant to
 11 the provisions on refinancing sales (IC 24-4.5-2-205) or the provisions
 12 on refinancing loans (IC 24-4.5-3-205), whichever is appropriate, and
 13 to consolidate the amount financed resulting from the refinancing or
 14 the principal resulting from the refinancing by adding it to the amount
 15 financed or principal with respect to the subsequent sale or loan. The
 16 aggregate amount resulting from the consolidation shall be deemed
 17 principal, and the creditor may contract for and receive a loan finance
 18 charge based on the principal at a rate not in excess of that permitted
 19 by the provisions on loan finance charge for consumer loans
 20 (IC 24-4.5-3-201) or the provisions on loan finance charge for
 21 supervised loans (IC 24-4.5-3-508), whichever is appropriate.

22 SECTION 17. IC 24-4.5-3-209, AS AMENDED BY P.L.159-2017,
 23 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2020]: Sec. 209. Right to Prepay - (1) Subject to the
 25 provisions on rebate upon prepayment (section 210 of this chapter), the
 26 debtor may prepay in full the unpaid balance of a consumer loan,
 27 refinancing, or consolidation at any time without penalty. With respect
 28 to a consumer loan that is primarily secured by an interest in land, a
 29 lender may contract for a penalty for prepayment of the loan in full, not
 30 to exceed two percent (2%) of any amount prepaid within sixty (60)
 31 days of the date of the prepayment in full, after deducting all refunds
 32 and rebates as of the date of the prepayment. However, the penalty may
 33 not be imposed:

- 34 (a) if the loan is refinanced or consolidated with the same
- 35 creditor;
- 36 (b) for prepayment by proceeds of any insurance or acceleration
- 37 after default; or
- 38 (c) after three (3) years from the contract date.

39 For purposes of this section, the collection of the amount of any
 40 conditionally waived closing costs (as allowed under section 202(d) of
 41 this chapter) by a creditor, as stipulated in the loan agreement, at the
 42 time of prepayment in full does not constitute a prepayment penalty



1 and is not subject to the limitations set forth in this subsection.

2 (2) At the time of prepayment of a consumer loan not subject to the
3 provisions of rebate upon prepayment (section 210 of this chapter), the
4 total finance charge, including the prepaid finance charge but
5 excluding the nonrefundable ~~prepaid finance charge fee~~ allowed under
6 **section 201(9)** of this chapter, may not exceed the maximum charge
7 allowed under this chapter for the period the loan was in effect. For the
8 purposes of determining compliance with this subsection, the total
9 finance charge does not include the following:

10 (a) The nonrefundable ~~prepaid finance charge fee~~ allowed under
11 **section 201(9)** of this chapter.

12 (b) The debtor paid mortgage broker fee, if any, paid to a person
13 who does not control, is not controlled by, or is not under
14 common control with, the creditor holding the loan at the time a
15 consumer loan is prepaid.

16 (3) The creditor or mortgage servicer shall provide, in writing, an
17 accurate payoff amount for the consumer loan to the debtor within
18 seven (7) business days (excluding legal public holidays, Saturdays,
19 and Sundays) after the creditor or mortgage servicer receives the
20 debtor's written request for the accurate consumer loan payoff amount.
21 A payoff statement provided by a creditor or mortgage servicer under
22 this subsection must show the date the statement was prepared and
23 itemize the unpaid principal balance and each fee, charge, or other sum
24 included within the payoff amount. A creditor or mortgage servicer
25 who fails to provide the accurate consumer loan payoff amount is liable
26 for:

27 (a) one hundred dollars (\$100) if an accurate consumer loan
28 payoff amount is not provided by the creditor or mortgage
29 servicer within seven (7) business days (excluding legal public
30 holidays, Saturdays, and Sundays) after the creditor or mortgage
31 servicer receives the debtor's first written request; and

32 (b) the greater of:

33 (i) one hundred dollars (\$100); or

34 (ii) the loan finance charge that accrues on the loan from the
35 date the creditor or mortgage servicer receives the first written
36 request until the date on which the accurate consumer loan
37 payoff amount is provided;

38 if an accurate consumer loan payoff amount is not provided by the
39 creditor or mortgage servicer within seven (7) business days
40 (excluding legal public holidays, Saturdays, and Sundays) after
41 the creditor or mortgage servicer receives the debtor's second
42 written request, and the creditor or mortgage servicer failed to



1 comply with subdivision (a).
2 A liability under this subsection is an excess charge under
3 IC 24-4.5-5-202.

4 (4) As used in this subsection, "mortgage transaction" means a
5 consumer loan in which a mortgage or a land contract (or another
6 consensual security interest equivalent to a mortgage or a land contract)
7 that constitutes a lien is created or retained against land upon which
8 there is constructed or intended to be constructed a dwelling that is or
9 will be used by the debtor primarily for personal, family, or household
10 purposes. This subsection applies to a mortgage transaction with
11 respect to which any installment or minimum payment due is
12 delinquent for at least sixty (60) days. The creditor, servicer, or the
13 creditor's agent shall acknowledge a written offer made in connection
14 with a proposed short sale not later than five (5) business days
15 (excluding legal public holidays, Saturdays, and Sundays) after the date
16 of the offer if the offer complies with the requirements for a qualified
17 written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor,
18 servicer, or creditor's agent is required to acknowledge a written offer
19 made in connection with a proposed short sale from a third party acting
20 on behalf of the debtor only if the debtor has provided written
21 authorization for the creditor, servicer, or creditor's agent to do so. Not
22 later than thirty (30) business days (excluding legal public holidays,
23 Saturdays, and Sundays) after receipt of an offer under this subsection,
24 the creditor, servicer, or creditor's agent shall respond to the offer with
25 an acceptance or a rejection of the offer. The thirty (30) day period
26 described in this subsection may be extended for not more than fifteen
27 (15) business days (excluding legal public holidays, Saturdays, and
28 Sundays) if, before the end of the thirty (30) day period, the creditor,
29 the servicer, or the creditor's agent notifies the debtor of the extension
30 and the reason the extension is needed. Payment accepted by a creditor,
31 servicer, or creditor's agent in connection with a short sale constitutes
32 payment in full satisfaction of the mortgage transaction unless the
33 creditor, servicer, or creditor's agent obtains:

34 (a) the following statement: "The debtor remains liable for any
35 amount still owed under the mortgage transaction."; or
36 (b) a statement substantially similar to the statement set forth in
37 subdivision (a);
38 acknowledged by the initials or signature of the debtor, on or before the
39 date on which the short sale payment is accepted. As used in this
40 subsection, "short sale" means a transaction in which the property that
41 is the subject of a mortgage transaction is sold for an amount that is
42 less than the amount of the debtor's outstanding obligation under the



1 mortgage transaction. A creditor or mortgage servicer that fails to
 2 respond to an offer within the time prescribed by this subsection is
 3 liable in accordance with 12 U.S.C. 2605(f) in any action brought
 4 under that section.

5 (5) This section is not intended to provide the owner of real estate
 6 subject to the issuance of process under a judgment or decree of
 7 foreclosure any protection or defense against a deficiency judgment for
 8 purposes of the borrower protections from liability that must be
 9 disclosed under 12 CFR 1026.38(p)(3) on the form required by 12 CFR
 10 1026.38 ("Closing Disclosures" form under the Amendments to the
 11 2013 Integrated Mortgage Disclosures Rule Under the Real Estate
 12 Settlement Procedures Act (Regulation X) and the Truth In Lending
 13 Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth
 14 in Lending Act (Regulation Z)).

15 SECTION 18. IC 24-4.5-3-210 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 210. Rebate upon
 17 Prepayment. — (1) **Except for subsections (2) and (9), this section**
 18 **applies only to a loan agreement entered into before July 1, 2020.**
 19 Except as provided in subsection (2), upon prepayment in full of the
 20 unpaid balance of a precomputed consumer loan, refinancing, or
 21 consolidation, an amount not less than the unearned portion of the loan
 22 finance charge calculated according to this section shall be rebated to
 23 the debtor. If the rebate otherwise required is less than one dollar (\$1),
 24 no rebate need be made.

25 (2) Upon prepayment in full of a consumer loan, refinancing, or
 26 consolidation, other than one (1) under a revolving loan account, if the
 27 loan finance charge earned is less than any permitted minimum loan
 28 finance charge (~~IC 24-4.5-3-201(6)~~ (IC 24-4.5-3-201(7) or
 29 IC 24-4.5-3-508(7)) contracted for, whether or not the consumer loan,
 30 refinancing, or consolidation is precomputed, the lender may collect or
 31 retain the minimum loan finance charge, as if earned, not exceeding the
 32 loan finance charge contracted for.

33 (3) The unearned portion of the loan finance charge is a fraction of
 34 the loan finance charge of which the numerator is the sum of the
 35 periodic balances scheduled to follow the computational period in
 36 which prepayment occurs, and the denominator is the sum of all
 37 periodic balances under either the loan agreement or, if the balance
 38 owing resulted from a refinancing (IC 24-4.5-3-205) or a consolidation
 39 (IC 24-4.5-3-206), under the refinancing agreement or consolidation
 40 agreement.

41 (4) In this section:

42 (a) "periodic balance" means the amount scheduled to be



1 outstanding on the last day of a computational period before
 2 deducting the payment, if any, scheduled to be made on that day;

3 (b) "computation period" means one (1) month if one-half (1/2)
 4 or more of the intervals between scheduled payments under the
 5 agreement is one (1) month or more, and otherwise means one (1)
 6 week;

7 (c) the "interval" to the due date of the first scheduled installment
 8 or the final scheduled payment date is measured from the date of
 9 a loan, refinancing, or consolidation, and includes either the first
 10 or last day of the interval; and

11 (d) if the interval to the due date of the first scheduled installment
 12 does not exceed one (1) month by more than fifteen (15) days
 13 when the computational period is one (1) month, or eleven (11)
 14 days when the computational period is one (1) week, the interval
 15 shall be considered as one (1) computational period.

16 (5) This subsection applies only if the schedule of payments is not
 17 regular.

18 (a) If the computational period is one (1) month and:

19 (i) if the number of days in the interval to the due date of the
 20 first scheduled installment is less than one (1) month by more
 21 than five (5) days, or more than one (1) month by more than
 22 five (5) but not more than fifteen (15) days, the unearned loan
 23 finance charge shall be increased by an adjustment for each
 24 day by which the interval is less than one (1) month and, at the
 25 option of the lender, may be reduced by an adjustment for each
 26 day by which the interval is more than one (1) month; the
 27 adjustment for each day shall be one-thirtieth (1/30) of that
 28 part of the loan finance charge earned in the computational
 29 period prior to the due date of the first scheduled installment
 30 assuming that period to be one (1) month; and

31 (ii) if the interval to the final scheduled payment date is a
 32 number of computational periods plus an additional number of
 33 days less than a full month, the additional number of days shall
 34 be considered a computational period only if sixteen (16) days
 35 or more. This ~~subparagraph clause~~ applies whether or not
 36 ~~subparagraph clause~~ (i) applies.

37 (b) Notwithstanding ~~paragraph subdivision~~ (a), if the
 38 computational period is one (1) month, the number of days in the
 39 interval to the due date of the first installment exceeds one (1)
 40 month by not more than fifteen (15) days, and the schedule of
 41 payments is otherwise regular, the lender, at the lender's option,
 42 may exclude the extra days and the charge for the extra days in



1 computing the unearned loan finance charge; but if the lender
 2 does so and a rebate is required before the due date of the first
 3 scheduled installment, the lender shall compute the earned charge
 4 for each elapsed day as one-thirtieth (1/30) of the amount the
 5 earned charge would have been if the first interval had been one
 6 (1) month.

7 (c) If the computational period is one (1) week and:

8 (i) if the number of days in the interval to the due date of the
 9 first scheduled installment is less than five (5) days, or more
 10 than nine (9) days, but not more than eleven (11) days, the
 11 unearned loan finance charge shall be increased by an
 12 adjustment for each day by which the interval is less than
 13 seven (7) days and, at the option of the lender, may be reduced
 14 by an adjustment for each day by which the interval is more
 15 than seven (7) days; the adjustment for each day shall be
 16 one-seventh (1/7) of that part of the loan finance charge earned
 17 in the computational period prior to the due date of the first
 18 scheduled installment, assuming that period to be one (1)
 19 week; and

20 (ii) if the interval to the final scheduled payment date is a
 21 number of computational periods plus an additional number of
 22 days less than a full week, the additional number of days shall
 23 be considered a computational period only if five (5) days or
 24 more. This ~~subparagraph~~ **clause** applies whether or not
 25 ~~subparagraph~~ **clause** (i) applies.

26 (6) If a deferral (IC 24-4.5-3-204) has been agreed to, the unearned
 27 portion of the loan finance charge shall be computed without regard to
 28 the deferral. The amount of deferral charge earned at the date of
 29 prepayment shall also be calculated. If the deferral charge earned is
 30 less than the deferral charge paid, the difference shall be added to the
 31 unearned portion of the loan finance charge. If any part of a deferral
 32 charge has been earned but has not been paid, that part shall be
 33 subtracted from the unearned portion of the loan finance charge or shall
 34 be added to the unpaid balance.

35 (7) This section does not preclude the collection or retention by the
 36 lender of delinquency charges (~~IC 24-4.5-3-203, repealed in 1994~~).
 37 **(IC 24-4.5-3-203.5).**

38 (8) If the maturity is accelerated for any reason and judgment is
 39 obtained, the debtor is entitled to the same rebate as if payment had
 40 been made on the date judgment is entered.

41 (9) Upon prepayment in full of a consumer loan by the proceeds of
 42 consumer credit insurance (**as defined in IC 24-4.5-4-103**), the debtor



1 or the debtor's estate shall pay the same loan finance charge or receive
 2 the same rebate as though the debtor had prepaid the agreement on the
 3 date the proceeds of the insurance are paid to the lender, but no later
 4 than ten (10) business days after satisfactory proof of loss is furnished
 5 to the lender. This subsection applies whether or not the loan is
 6 precomputed.

7 (10) Upon prepayment in full of a transaction with a term of more
 8 than sixty-one (61) months, the unearned loan finance charge shall be
 9 computed by applying the disclosed annual percentage rate that would
 10 yield the loan finance charge originally contracted for to the unpaid
 11 balances of the amount financed for the full computational periods
 12 following the prepayment, as originally scheduled or as deferred.

13 SECTION 19. IC 24-4.5-3-501, AS AMENDED BY P.L.91-2013,
 14 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2020]: Sec. 501. Definitions:

16 (1) "Supervised loan" means a consumer loan:

17 (a) for which a loan agreement is entered into before July 1,
 18 2020; and

19 (b) in which the rate of the loan finance charge exceeds
 20 twenty-five percent (25%) per year as determined according to the
 21 provisions on loan finance charge for consumer loans in section
 22 ~~201~~ 201(1)(a) of this chapter.

23 (2) "Supervised lender" means a person authorized to make or take
 24 assignments of supervised loans.

25 SECTION 20. IC 24-4.5-3-508, AS AMENDED BY P.L.159-2017,
 26 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2020]: Sec. 508. Loan Finance Charge for Supervised Loans

28 – (1) **This section applies only to a loan agreement entered into**
 29 **before July 1, 2020.** With respect to a supervised loan, including a
 30 loan pursuant to a revolving loan account, a supervised lender may
 31 contract for and receive a loan finance charge not exceeding that
 32 permitted by this section.

33 (2) The loan finance charge, calculated according to the actuarial
 34 method, may not exceed the equivalent of the greater of:

35 (a) the total of:

36 (i) thirty-six percent (36%) per year on that part of the unpaid
 37 balances of the principal (**as defined in section 107(3) of this**
 38 **chapter**) which is two thousand dollars (\$2,000) or less;

39 (ii) twenty-one percent (21%) per year on that part of the
 40 unpaid balances of the principal (**as defined in section 107(3)**
 41 **of this chapter**) which is more than two thousand dollars
 42 (\$2,000) but does not exceed four thousand dollars (\$4,000);



- 1 and
- 2 (iii) fifteen percent (15%) per year on that part of the unpaid
- 3 balances of the principal (**as defined in section 107(3) of this**
- 4 **chapter**) which is more than four thousand dollars (\$4,000);
- 5 or
- 6 (b) twenty-five percent (25%) per year on the unpaid balances of
- 7 the principal (**as defined in section 107(3) of this chapter**).
- 8 (3) This section does not limit or restrict the manner of contracting
- 9 for the loan finance charge, whether by way of add-on, discount, or
- 10 otherwise, so long as the rate of the loan finance charge does not
- 11 exceed that permitted by this section. If the loan is precomputed:
- 12 (a) the loan finance charge may be calculated on the assumption
- 13 that all scheduled payments will be made when due; and
- 14 (b) the effect of prepayment is governed by the provisions on
- 15 rebate upon prepayment in section 210 of this chapter.
- 16 (4) The term of a loan for the purposes of this section commences
- 17 on the date the loan is made. Differences in the lengths of months are
- 18 disregarded, and a day may be counted as one-thirtieth (1/30) of a
- 19 month. Subject to classifications and differentiations the lender may
- 20 reasonably establish, a part of a month in excess of fifteen (15) days
- 21 may be treated as a full month if periods of fifteen (15) days or less are
- 22 disregarded and that procedure is not consistently used to obtain a
- 23 greater yield than would otherwise be permitted.
- 24 (5) Subject to classifications and differentiations the lender may
- 25 reasonably establish, the lender may make the same loan finance
- 26 charge on all principal amounts within a specified range. A loan
- 27 finance charge does not violate subsection (2) if:
- 28 (a) when applied to the median amount within each range, it does
- 29 not exceed the maximum permitted in subsection (2); and
- 30 (b) when applied to the lowest amount within each range, it does
- 31 not produce a rate of loan finance charge exceeding the rate
- 32 calculated according to ~~paragraph~~ **subdivision** (a) by more than
- 33 eight percent (8%) of the rate calculated according to ~~paragraph~~
- 34 **subdivision** (a).
- 35 (6) The amounts of two thousand dollars (\$2,000) and four thousand
- 36 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection
- 37 (7) are subject to change pursuant to the provisions on adjustment of
- 38 dollar amounts (IC 24-4.5-1-106). However, notwithstanding
- 39 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars
- 40 (\$30), the Reference Base Index to be used is the Index for October
- 41 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the
- 42 amounts of two thousand dollars (\$2,000) and four thousand dollars



1 (\$4,000), the Reference Base Index to be used is the Index for October
2 2012.

3 (7) With respect to a supervised loan not made pursuant to a
4 revolving loan account, the lender may contract for and receive a
5 minimum loan finance charge of not more than thirty dollars (\$30). The
6 minimum loan finance charge allowed under this subsection may be
7 imposed only if the lender does not assess a nonrefundable ~~prepaid~~
8 ~~finance charge fee~~ under subsection (8) and:

9 (a) the debtor prepays in full a consumer loan, refinancing, or
10 consolidation, regardless of whether the loan, refinancing, or
11 consolidation is precomputed;

12 (b) the loan, refinancing, or consolidation prepaid by the debtor
13 is subject to a loan finance charge that:

14 (i) is contracted for by the parties; and

15 (ii) does not exceed the rate prescribed in subsection (2); and

16 (c) the loan finance charge earned at the time of prepayment is
17 less than the minimum loan finance charge contracted for under
18 this subsection.

19 (8) Except as provided in ~~subsection subsections (7) and (10)(c)~~,
20 in addition to the loan finance charge provided for in this section and
21 to any other charges and fees permitted by this chapter, the lender may
22 contract for and receive a nonrefundable ~~prepaid finance charge fee~~ of
23 not more than fifty dollars (\$50).

24 (9) The nonrefundable ~~prepaid finance charge fee~~ provided for in
25 subsection (8) is not subject to refund or rebate.

26 (10) Notwithstanding subsections (8) and (9), in the case of a
27 supervised loan that is not secured by an interest in land, if a lender
28 retains any part of a nonrefundable ~~prepaid finance charge fee~~ charged
29 on a loan that is paid in full by a new loan from the same lender, the
30 following apply:

31 (a) If the loan is paid in full by the new loan within three (3)
32 months after the date of the prior loan, the lender may not charge
33 a nonrefundable ~~prepaid finance charge fee~~ on the new loan, or,
34 in the case of a revolving loan, on the increased credit line.

35 (b) The lender may not assess more than two (2) nonrefundable
36 ~~prepaid finance charges fees~~ in any twelve (12) month period.

37 **(c) Subject to subdivisions (a) and (b), if a supervised loan that**
38 **is entered into by a lender and a debtor before July 1, 2020, is**
39 **paid in full by a new loan from the same lender after June 30,**
40 **2020, the new loan is not considered a supervised loan under**
41 **this section and is subject to section 201 of this chapter. The**
42 **lender may contract for and receive a nonrefundable fee in**



1 **the amount set forth in section 201(9)(b)(ii) of this chapter for**
 2 **the new loan. However, a lender may not encourage or**
 3 **require a debtor to refinance or consolidate a supervised loan**
 4 **that is entered into by the lender and the debtor before July**
 5 **1, 2020, for the sole purpose of obtaining a nonrefundable fee**
 6 **in the amount set forth in section 201(9)(b)(ii) of this chapter**
 7 **after June 30, 2020.**

8 (11) In the case of a supervised loan that is secured by an interest in
 9 land, this section does not prohibit a lender from contracting for and
 10 receiving a fee for preparing deeds, mortgages, reconveyances, and
 11 similar documents under section 202(1)(d)(ii) of this chapter, in
 12 addition to the nonrefundable ~~prepaid finance charge fee~~ provided for
 13 in subsection (8).

14 SECTION 21. IC 24-4.5-4-107, AS AMENDED BY P.L.141-2005,
 15 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2020]: Sec. 107. Maximum Charge by Creditor for Insurance
 17 - (1) Except as provided in subsection (2), if a creditor contracts for or
 18 receives a separate charge for insurance, the amount charged to the
 19 debtor for the insurance may not exceed the premium to be charged by
 20 the insurer, as computed at the time the charge to the debtor is
 21 determined, conforming to any rate filings required by law and made
 22 by the insurer with the insurance commissioner.

23 (2) A creditor who provides consumer credit insurance in relation
 24 to a revolving charge account (**as defined in IC 24-4.5-2-108**) or
 25 revolving loan account (**as defined in IC 24-4.5-3-108**) may calculate
 26 the charge to the debtor in each billing cycle by applying the current
 27 premium rate to **one (1) of the following:**

- 28 (a) The average daily unpaid balance of the debt in the cycle.
 29 (b) The unpaid balance of the debt or a median amount within a
 30 specified range of unpaid balances of debt on approximately the
 31 same day of the cycle. The day of the cycle need not be the day
 32 used in calculating the credit service charge (~~IC 24-4.5-2-207~~)
 33 (**IC 24-4.5-2-201(7)**) or loan finance charge (IC 24-4.5-3-201 and
 34 IC 24-4.5-3-508), but the specified range shall be the range used
 35 for that purpose.
 36 (c) The unpaid balances of principal calculated according to the
 37 actuarial method. ~~or~~
 38 (d) The amount of the insurance benefit for the cycle.

39 SECTION 22. IC 24-7-5-12, AS ADDED BY P.L.222-2013,
 40 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2020]: Sec. 12. (a) A lessor may contract for and receive a fee
 42 for accepting rental payments by telephone in connection with a rental



1 purchase agreement, if all of the following conditions are met:

2 (1) The fee is assessed only upon request by the lessee for the
3 underlying payment by telephone service.

4 (2) The payment by telephone service is not established in
5 advance, under the rental purchase agreement or otherwise, as the
6 expected method for making rental payments under the rental
7 purchase agreement.

8 (3) The fee does not exceed ~~one dollar and fifty cents (\$1.50)~~
9 **three dollars (\$3.00)**.

10 (4) The lessee retains the right to make rental payments by
11 payment methods in connection with which no additional fee
12 would be assessed or incurred (including in-person payments and
13 payments by mail) as a result of such alternative payment
14 methods.

15 (5) The fee is contracted for and disclosed by the lessor in the
16 rental purchase agreement.

17 (6) The lessor posts a sign at each store location disclosing to
18 existing and prospective lessees:

19 (A) the amount of the fee;

20 (B) the lessee's right and option to make rental payments by
21 alternative payment methods and not be assessed or incur an
22 additional fee; and

23 (C) the alternative payment methods offered by the lessor in
24 connection with which no additional fee would be assessed or
25 incurred.

26 (7) The lessor's books and records provide an audit trail sufficient
27 to allow the department and its examiners to confirm the lessee's
28 compliance with the conditions listed in subdivisions (1) through
29 (6).

30 (b) A fee may not be charged under this section unless there is
31 interaction between a live employee or representative of the lessor and
32 the lessee.

33 SECTION 23. IC 35-45-7-2, AS AMENDED BY P.L.158-2013,
34 SECTION 536, IS AMENDED TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2020]: Sec. 2. A person who, in exchange for
36 the loan of any property, knowingly or intentionally receives or
37 contracts to receive from another person any consideration at a rate
38 greater than two (2) times the rate specified in ~~IC 24-4.5-3-508(2)(a)(i)~~;
39 **IC 24-4.5-3-201(1)(b)** commits loansharking, a Level 6 felony.
40 However, loansharking is a Level 5 felony if force or the threat of force
41 is used to collect or to attempt to collect any of the property loaned or
42 any of the consideration for the loan.



1 **SECTION 24. An emergency is declared for this act.**

