



February 25, 2020

ENGROSSED SENATE BILL No. 395

DIGEST OF SB 395 (Updated February 25, 2020 12:17 pm - DI 101)

Citations Affected: IC 24-4.5; IC 24-7; noncode.

Synopsis: Uniform Consumer Credit Code. 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) authorizes a seller to contract for and receive a nonrefundable prepaid finance charge based on the amount financed, in addition to the credit service charge and any other authorized charges and fees; and (B) prohibits precomputed consumer credit sales. (3) Repeals a provision concerning the credit service charge for revolving charge
(Continued next page)

Effective: Upon passage; July 1, 2020.

Bassler, Ruckelshaus

(HOUSE SPONSOR — BURTON)

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

January 30, 2020, amended, reported favorably — Do Pass.

February 3, 2020, read second time, ordered engrossed. Engrossed.

February 4, 2020, read third time, passed. Yeas 40, nays 9.

HOUSE ACTION

February 11, 2020, read first time and referred to Committee on Financial Institutions.

February 25, 2020, amended, reported — Do Pass.

ES 395—LS 7038/DI 101



Digest Continued

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 amount of the authorized nonrefundable prepaid finance charge from \$50 to an amount that is not more than: (i) \$75; (ii) \$150; or (iii) \$200; based on the amount financed, in the case of a consumer loan not secured by an interest in land; and (B) prohibits precomputed consumer loans. Makes conforming changes with respect to supervised loans. Changes from \$1.50 to \$3 the amount of the fee that a lessor in a rental purchase agreement may impose for accepting rental payments by telephone. Makes conforming technical amendments throughout the UCCC to reflect the bill's changes.



February 25, 2020

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.

ENGROSSED 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 24-4.5-1-106, AS AMENDED BY P.L.140-2013,
2 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 106. (1) The dollar amounts in this article
4 designated as subject to change shall change, as provided in this
5 section, according to the Consumer Price Index for Urban Wage
6 Earners and Clerical Workers: U.S. City Average, All Items, 1957-59
7 equals 100, compiled by Bureau of Labor Statistics, United States
8 Department of Labor, and referred to in this section as the Index. The
9 Index for October, 1971, is the Reference Base Index.
10 (2) The dollar amounts shall change on ~~July~~ **January 1** of each
11 ~~even-numbered~~ **odd-numbered** year if the percentage of change,
12 calculated to the nearest whole percentage point, between the Index at
13 the end of the preceding **odd-numbered** year and the Reference Base
14 Index is ten percent (10%) or more, except that:
15 (a) the portion of the percentage change in the Index in excess of

ES 395—LS 7038/DI 101



1 a multiple of ten percent (10%) shall be disregarded and the
 2 dollar amounts shall change only in multiples of ten percent
 3 (10%) of the amounts on March 5, 1971;

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

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

9 (3) If the Index is revised after December 1967, the percentage of
 10 change shall be calculated on the basis of the revised Index. If the
 11 revision of the Index changes the Reference Base Index, a revised
 12 Reference Base Index shall be determined by multiplying the
 13 Reference Base Index by the ratio of the revised Index to the current
 14 Index, as each was for the first month in which the revised Index is
 15 available. If the Index is superseded, the Index is the one represented
 16 by the Bureau of Labor Statistics as reflecting most accurately changes
 17 in the purchasing power of the dollar for consumers.

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

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

23 (b) promptly after the changes occur, changes in the Index
 24 required by subsection (3), including, when applicable, the
 25 numerical equivalent of the Reference Base Index under a revised
 26 Reference Base Index and the designation or title of any index
 27 superseding the Index.

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

30 (5) A person does not violate this article through a transaction
 31 otherwise complying with this article if the person relies on dollar
 32 amounts either determined according to subsection (2) or appearing in
 33 the last rule of the department announcing the then current dollar
 34 amounts.

35 SECTION 2. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013,
 36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2020]: Sec. 201. Credit Service Charge for Consumer Credit
 38 Sales ~~other than Revolving Charge Accounts~~ — (1) **Except as**
 39 **provided in subsections (8) and (11)**, with respect to a consumer
 40 credit sale, ~~other than a sale pursuant to a revolving charge account~~, a
 41 seller may contract for and receive a credit service charge not
 42 exceeding that permitted by this section.



1 (2) The credit service charge, calculated according to the actuarial
2 method, may not exceed the equivalent of the greater of:

3 (a) the total of:

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

7 (ii) twenty-one percent (21%) per year on that part of the
8 unpaid balances of the amount financed (**as defined in section**
9 **111 of this chapter**) which is more than two thousand dollars
10 (\$2,000) but does not exceed four thousand dollars (\$4,000);

11 and

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

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

18 (3) **In the case of a sale agreement entered into before July 1,**
19 **2020,** this section does not limit or restrict the manner of contracting
20 for the credit service charge, whether by way of add-on, discount, or
21 otherwise, so long as the rate of the credit service charge does not
22 exceed that permitted by this section. If the sale is precomputed:

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

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

27 (4) **The following apply to a sale agreement for a consumer**
28 **credit sale (or for the refinancing or consolidation of a consumer**
29 **credit sale) that is entered into after June 30, 2020:**

30 (a) **The credit service charge authorized by this section must**
31 **be:**

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

33 (ii) **calculated by applying a rate not exceeding the rate set**
34 **forth in subsection (2) to unpaid balances of the amount**
35 **financed (as defined in section 111 of this chapter).**

36 (b) **A sale agreement for a precomputed consumer credit sale**
37 **is prohibited.**

38 (c) **Subject to subsection (13), in addition to the credit service**
39 **charge authorized by subsection (2) and to any other fees**
40 **permitted by this chapter, and not subject to the rate set forth**
41 **in subsection (2), the seller may contract for and receive as a**
42 **condition for, or an incident to, the extension of credit a**



1 **nonrefundable prepaid finance charge under subsection (11),**
 2 **whether the charge is:**

3 **(i) paid separately in cash or by check before or at**
 4 **consummation; or**

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

6 ~~(4)~~ **(5)** For the purposes of this section, the term of a sale agreement
 7 commences with the date the credit is granted or, if goods are delivered
 8 or services performed more than thirty (30) days after that date, with
 9 the date of commencement of delivery or performance except as set
 10 forth below:

11 (a) Delays attributable to the customer. Where the customer
 12 requests delivery after the thirty (30) day period or where delivery
 13 occurs after the thirty (30) day period for a reason attributable to
 14 the customer (including but not limited to failure to close on a
 15 residence or failure to obtain lease approval), the term of the sale
 16 agreement shall commence with the date credit is granted.

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

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

27 **(6) With respect to a consumer credit sale made pursuant to a**
 28 **revolving charge account, the parties to the sale may contract for**
 29 **the payment by the buyer of a credit service charge not exceeding**
 30 **that permitted in this section, subject to the following:**

31 **(a) The credit service charge contracted for and received may**
 32 **not exceed a charge in each monthly billing cycle which is**
 33 **either two and eighty-three thousandths percent (2.083%) of**
 34 **an amount not greater than:**

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

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

38 **(iii) subject to subsection (7), the median amount within a**
 39 **specified range within which the average daily balance of**
 40 **the account or the unpaid balance of the account, on the**
 41 **same day of the billing cycle, is included.**

42 **For purposes of clauses (ii) and (iii), a variation of not more**



1 than four (4) days from month to month is "the same day of
2 the billing cycle".

3 (b) If the billing cycle is not monthly, the maximum charge is
4 that percentage which bears the same relation to the
5 applicable monthly maximum percentage as the number of
6 days in the billing cycle bears to thirty (30).

7 (c) Notwithstanding subdivision (a), if there is an unpaid
8 balance on the date as of which the credit service charge is
9 applied, the seller may contract for and receive a charge not
10 exceeding fifty cents (\$0.50) if the billing cycle is monthly or
11 longer, or the pro rata part of fifty cents (\$0.50) which bears
12 the same relation to fifty cents (\$0.50) as the number of days
13 in the billing cycle bears to thirty (30) if the billing cycle is
14 shorter than monthly. However, a seller may not contract for
15 or receive a charge under this subdivision if the seller has
16 made an annual charge for the same period as permitted by
17 the provisions on additional charges in section 202(1)(e) of
18 this chapter.

19 ~~(5)~~ (7) Subject to classifications and differentiations the seller may
20 reasonably establish, the seller may make the same credit service
21 charge on all amounts financed within a specified range. A credit
22 service charge so made does not violate subsection (2) if:

23 (a) when applied to the median amount within each range, it does
24 not exceed the maximum permitted by subsection (2); and

25 (b) when applied to the lowest amount within each range, it does
26 not produce a rate of credit service charge exceeding the rate
27 calculated according to ~~paragraph~~ **subdivision** (a) by more than
28 eight percent (8%) of the rate calculated according to ~~paragraph~~
29 **subdivision** (a).

30 ~~(6)~~ (8) Notwithstanding subsection (2), **with respect to a consumer**
31 **sale other than a sale under a revolving charge account**, the seller
32 may contract for and receive a minimum credit service charge of not
33 more than thirty dollars (\$30). The minimum credit service charge
34 allowed under this subsection may be imposed only if **the seller does**
35 **not contract for or receive a nonrefundable prepaid finance charge**
36 **under subsection (11) and:**

37 (a) the debtor prepays in full a consumer credit sale, refinancing,
38 or consolidation, regardless of whether the sale, refinancing, or
39 consolidation is precomputed;

40 (b) the sale, refinancing, or consolidation prepaid by the debtor is
41 subject to a credit service charge that:

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



1 (ii) does not exceed the rate prescribed in subsection (2); and
 2 (c) the credit service charge earned at the time of prepayment is
 3 less than the minimum credit service charge contracted for under
 4 this subsection.

5 ~~(7)~~ **(9)** The amounts of two thousand dollars (\$2,000) and four
 6 thousand dollars (\$4,000) in subsection (2) are subject to change
 7 pursuant to the provisions on adjustment of dollar amounts
 8 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 9 Reference Base Index to be used under this subsection is the Index for
 10 October 2012.

11 ~~(8)~~ **(10)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(8)** is
 12 subject to change under the provisions on adjustment of dollar amounts
 13 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 14 Reference Base Index to be used under this subsection is the Index for
 15 October 1992.

16 **(11) This subsection applies to a sale agreement entered into**
 17 **after June 30, 2020. Except as provided in subsection (8), and**
 18 **subject to subsection (13), in addition to the credit service charge**
 19 **authorized by subsection (2), and to any other fees permitted by**
 20 **this chapter, a seller may contract for and receive a nonrefundable**
 21 **prepaid finance charge in an amount which is not more than:**

22 **(a) seventy-five dollars (\$75) for an amount financed (as**
 23 **defined in section 111 of this chapter) which is two thousand**
 24 **dollars (\$2,000) or less;**

25 **(b) one hundred fifty dollars (\$150) for an amount financed**
 26 **(as defined in section 111 of this chapter) which is more than**
 27 **two thousand dollars (\$2,000) but does not exceed four**
 28 **thousand dollars (\$4,000); and**

29 **(c) two hundred dollars (\$200) for an amount financed (as**
 30 **defined in section 111 of this chapter) which is more than four**
 31 **thousand dollars (\$4,000).**

32 **The nonrefundable prepaid finance charge is not subject to refund**
 33 **or rebate. However, any amount charged by the seller, other than**
 34 **by a seller that is a depository institution (as defined in**
 35 **IC 24-4.5-1-301.5(12)), under this subsection that exceeds the**
 36 **applicable amount permitted by this subsection constitutes a**
 37 **violation of this article under IC 24-4.5-6-107.5(l) and is subject to**
 38 **refund. Any amount charged by a depository institution (as defined**
 39 **in IC 24-4.5-1-301.5(12)) under this subsection that exceeds the**
 40 **applicable amount set forth in this subsection is subject to refund.**
 41 **The amounts in this subsection are not subject to change under**
 42 **IC 24-4.5-1-106.**



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

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

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

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

12 **(13) At the time of consummation of a consumer credit sale:**

13 **(a) the credit service charge authorized by subsection (2); and**

14 **(b) the nonrefundable prepaid finance charge authorized by**
 15 **subsection (11) (including any amount charged by a**
 16 **depository institution (as defined in IC 24-4.5-1-301.5(12))**
 17 **that exceeds the applicable amount set forth in subsection**
 18 **(11) in the case of a sale agreement entered into after June**
 19 **30, 2020;**

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

22 SECTION 3. IC 24-4.5-2-204, AS AMENDED BY P.L.186-2015,
 23 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2020]: Sec. 204. Deferral Charges — (1) **This section applies**
 25 **only to a consumer credit sale, refinancing, or consolidation, that**
 26 **is entered into before July 1, 2020.** With respect to a precomputed
 27 consumer credit sale, refinancing, or consolidation, the parties before
 28 or after default may agree in writing to a deferral of all or part of one
 29 (1) or more unpaid ~~instalments~~, **installments**, and the seller may make
 30 and collect a charge not exceeding the lesser of thirty-six percent
 31 (36%) per year or the rate previously stated to the buyer pursuant to the
 32 provisions on disclosure (Part 3) applied to the amount or amounts
 33 deferred for the period of deferral calculated without regard to
 34 differences in lengths of months, but proportionately for a part of a
 35 month, counting each day as one-thirtieth (1/30) of a month. A deferral
 36 charge may be collected at the time it is assessed or at any time
 37 thereafter.

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

42 (3) The parties may agree in writing at the time of a precomputed



1 consumer credit sale, refinancing, or consolidation that if an ~~instalment~~
 2 **installment** is not paid within ten (10) days after its due date, the seller
 3 may unilaterally grant a deferral and make charges as provided in this
 4 section. No deferral charge may be made for a period after the date that
 5 the seller elects to accelerate the maturity of the agreement.

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

9 SECTION 4. IC 24-4.5-2-205 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 205. Credit Service
 11 Charge on Refinancing — With respect to a consumer credit sale,
 12 refinancing, or consolidation, the seller may by agreement with the
 13 buyer refinance the unpaid balance and may contract for and receive a
 14 credit service charge based on the amount financed resulting from the
 15 refinancing at a rate not exceeding that permitted by the provisions on
 16 credit service charge for consumer credit sales (IC 24-4.5-2-201). For
 17 the purpose of determining the credit service charge permitted, the
 18 amount financed resulting from the refinancing comprises the
 19 following:

20 (1) (a) If:

21 (i) the transaction was not precomputed, the total of the unpaid
 22 balance and accrued charges on the date of refinancing; or if

23 (ii) the transaction was precomputed, **in the case of a**
 24 **transaction entered into before July 1, 2020**, the amount
 25 which the buyer would have been required to pay upon
 26 prepayment pursuant to the provisions on rebate upon
 27 prepayment (IC 24-4.5-2-210) on the date of refinancing.

28 (2) (b) Appropriate additional charges (IC 24-4.5-2-202),
 29 payment of which is deferred.

30 SECTION 5. IC 24-4.5-2-207 IS REPEALED [EFFECTIVE JULY
 31 1, 2020]. ~~Sec. 207. Credit Service Charge for Revolving Charge~~
 32 ~~Accounts — (1) With respect to a consumer credit sale made pursuant~~
 33 ~~to a revolving charge account, the parties to the sale may contract for~~
 34 ~~the payment by the buyer of a credit service charge not exceeding that~~
 35 ~~permitted in this section:~~

36 (2) A charge may be made in each billing cycle which is a
 37 percentage of an amount no greater than:

38 (a) the average daily balance of the account;

39 (b) the unpaid balance of the account on the same day of the
 40 billing cycle; or

41 (c) the median amount within a specified range within which the
 42 average daily balance of the account or the unpaid balance of the



1 account on the same day of the billing cycle is included. A charge
 2 may be made pursuant to this subdivision only if the seller,
 3 subject to classification and differentiations the seller may
 4 reasonably establish, makes the same charge on all balances
 5 within the specified range and if the percentage when applied to
 6 the median amount within the range does not produce a charge
 7 exceeding the charge resulting from applying that percentage to
 8 the lowest amount within the range by more than eight percent
 9 (8%) of the charge on the median amount.

10 (3) If the billing cycle is monthly, the charge may not exceed two
 11 and eighty-three thousandths percent (2.083%) of the amount pursuant
 12 to subsection (2). If the billing cycle is not monthly, the maximum
 13 charge is that percentage which bears the same relation to the
 14 applicable monthly percentage as the number of days in the billing
 15 cycle bears to thirty (30). For the purposes of this section, a variation
 16 of not more than four (4) days from month to month is "the same day
 17 of the billing cycle".

18 (4) Notwithstanding subsection (3), if there is an unpaid balance on
 19 the date as of which the credit service charge is applied, the seller may
 20 contract for and receive a charge not exceeding fifty cents (\$.50); if the
 21 billing cycle is monthly or longer, or the pro rata part of fifty cents
 22 (\$.50) which bears the same relation to fifty cents (\$.50) as the number
 23 of days in the billing cycle bears to thirty (30) if the billing cycle is
 24 shorter than monthly.

25 SECTION 6. IC 24-4.5-2-208 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 208. Advances to
 27 Perform Covenants of Buyer — (1) If the agreement with respect to a
 28 consumer credit sale, refinancing, or consolidation contains covenants
 29 by the buyer to perform certain duties pertaining to insuring or
 30 preserving collateral and the seller pursuant to the agreement pays for
 31 performance of the duties on behalf of the buyer, the seller may add the
 32 amounts paid to the debt. Within a reasonable time after advancing any
 33 sums, ~~he~~ **the seller** shall state to the buyer in writing the amount of the
 34 sums advanced, any charges with respect to this amount, and any
 35 revised payment schedule and, if the duties of the buyer performed by
 36 the seller pertain to insurance, a brief description of the insurance paid
 37 for by the seller including the type and amount of coverages. No further
 38 information need be given.

39 (2) A credit service charge may be made for sums advanced
 40 pursuant to subsection (1) at a rate not exceeding the rate stated to the
 41 buyer pursuant to the provisions on disclosure (Part 3) with respect to
 42 the sale, refinancing or consolidation, except that with respect to a



1 revolving charge account the amount of the advance may be added to
 2 the unpaid balance of the account and the seller may make a credit
 3 service charge not exceeding that permitted by the provisions on credit
 4 service charge for revolving charge accounts (~~24-4.5-2-207~~).
 5 **(IC 24-4.5-2-201(6)).**

6 SECTION 7. IC 24-4.5-2-209, AS AMENDED BY P.L.73-2016,
 7 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2020]: Sec. 209. (1) Subject to the provisions on rebate upon
 9 prepayment (section 210 of this chapter), the buyer may prepay in full
 10 the unpaid balance of a consumer credit sale, refinancing, or
 11 consolidation at any time without penalty.

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

- 15 (a) including the prepaid credit service charge; **but**
- 16 **(b) subject to section 201(13) of this chapter, excluding the**
- 17 **nonrefundable prepaid finance charge allowed under section**
- 18 **201(11) of this chapter, in the case of a sale agreement entered**
- 19 **into after June 30, 2020;**

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

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

- 33 (A) one hundred dollars (\$100) if an accurate consumer credit
- 34 sale payoff amount is not provided by the creditor or mortgage
- 35 servicer within seven (7) business days (excluding legal public
- 36 holidays, Saturdays, and Sundays) after the creditor or mortgage
- 37 servicer receives the debtor's first written request; and
- 38 (B) the greater of:
 - 39 (i) one hundred dollars (\$100); or
 - 40 (ii) the credit service charge that accrues on the sale from the
 - 41 date the creditor or mortgage servicer receives the first written
 - 42 request until the date on which the accurate consumer credit



1 sale payoff amount is provided;
 2 if an accurate consumer credit sale payoff amount is not provided
 3 by the creditor or mortgage servicer within seven (7) business
 4 days (excluding legal public holidays, Saturdays, and Sundays)
 5 after the creditor or mortgage servicer receives the debtor's
 6 second written request, and the creditor or mortgage servicer
 7 failed to comply with clause (A).

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

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

- 40 (a) the following statement: "The debtor remains liable for any
 41 amount still owed under the mortgage transaction."; or
 42 (b) a statement substantially similar to the statement set forth in



1 subdivision (a);
 2 acknowledged by the initials or signature of the debtor, on or before the
 3 date on which the short sale payment is accepted. As used in this
 4 subsection, "short sale" means a transaction in which the property that
 5 is the subject of a mortgage transaction is sold for an amount that is
 6 less than the amount of the debtor's outstanding obligation under the
 7 mortgage transaction. A creditor or mortgage servicer that fails to
 8 respond to an offer within the time prescribed by this subsection is
 9 liable in accordance with 12 U.S.C. 2605(f) in any action brought
 10 under that section.

11 (5) This section is not intended to provide the owner of real estate
 12 subject to the issuance of process under a judgment or decree of
 13 foreclosure any protection or defense against a deficiency judgment for
 14 purposes of the borrower protections from liability that must be
 15 disclosed under 12 CFR 1026.38(p)(3) on the form required by 12 CFR
 16 1026.38 ("Closing Disclosures" form under the Amendments to the
 17 2013 Integrated Mortgage Disclosures Rule Under the Real Estate
 18 Settlement Procedures Act (Regulation X) and the Truth In Lending
 19 Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth
 20 in Lending Act (Regulation Z)).

21 SECTION 8. IC 24-4.5-2-210 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 210. Rebate upon
 23 Prepayment — (1) **Except for subsections (2) and (9), this section**
 24 **applies only to a sale agreement entered into before July 1, 2020.**
 25 Except as provided in subsection (2), upon prepayment in full of the
 26 unpaid balance of a precomputed consumer credit sale, refinancing, or
 27 consolidation, an amount not less than the unearned portion of the
 28 credit service charge calculated according to this section shall be
 29 rebated to the buyer. If the rebate required is less than one dollar (\$1),
 30 no rebate need be made.

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

39 (3) The unearned portion of the credit service charge is a fraction of
 40 the credit service charge of which the numerator is the sum of the
 41 periodic balances scheduled to follow the computational period in
 42 which prepayment occurs, and the denominator is the sum of all



1 periodic balances under either the sale agreement or, if the balance
 2 owing resulted from a refinancing (IC 24-4.5-2-205) or a consolidation
 3 (IC 24-4.5-2-206), under the refinancing agreement or consolidation
 4 agreement.

5 (4) In this section:

6 (a) "periodic balance" means the amount scheduled to be
 7 outstanding on the last day of a computational period before
 8 deducting the payment, if any, scheduled to be made on that day;

9 (b) "computational period" means one (1) month if one-half (1/2)
 10 or more of the intervals between scheduled payments under the
 11 agreement is one (1) month or more, and otherwise means one (1)
 12 week;

13 (c) the "interval" to the due date of the first scheduled installment
 14 or the final scheduled payment date is measured from the date of
 15 a sale, refinancing, or consolidation, or any later date prescribed
 16 for calculating maximum credit service charges
 17 ~~(IC 24-4.5-2-201(4))~~ **(IC 24-4.5-2-201(5))** and includes either the
 18 first or last day of the interval; and

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

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

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

27 (i) if the number of days in the interval to the due date of the
 28 first scheduled installment is less than one (1) month by more
 29 than five (5) days, or more than one (1) month by more than
 30 five (5) but not more than fifteen (15) days, the unearned
 31 credit service charge shall be increased by an adjustment for
 32 each day by which the interval is less than one (1) month and,
 33 at the option of the seller, may be reduced by an adjustment for
 34 each day by which the interval is more than one (1) month; the
 35 adjustment for each day shall be one-thirtieth (1/30) of that
 36 part of the credit service charge earned in the computational
 37 period prior to the due date of the first scheduled installment
 38 assuming that period to be one (1) month; and

39 (ii) if the interval to the final scheduled payment date is a
 40 number of computational periods plus an additional number of
 41 days less than a full month, the additional number of days shall
 42 be considered a computational period only if sixteen (16) days



- 1 or more. This ~~subparagraph~~ **clause** applies whether or not
 2 clause (i) applies.
- 3 (b) Notwithstanding ~~paragraph~~ **subdivision** (a), if the
 4 computational period is one (1) month, the number of days in the
 5 interval to the due date of the first installment exceeds one (1)
 6 month by not more than fifteen (15) days, and the schedule of
 7 payments is otherwise regular, the seller, at the seller's option,
 8 may exclude the extra days and the charge for the extra days in
 9 computing the unearned credit service charge; but if the seller
 10 does so and a rebate is required before the due date of the first
 11 scheduled installment, the seller shall compute the earned charge
 12 for each elapsed day as one-thirtieth (1/30) of the amount the
 13 earned charge would have been if the first interval had been one
 14 (1) month.
- 15 (c) If the computational period is one (1) week and:
- 16 (i) if the number of days in the interval to the due date of this
 17 first scheduled installment is less than five (5) days or more
 18 than nine (9) days but not more than eleven (11) days, the
 19 unearned credit service charge shall be increased by an
 20 adjustment for each day by which the interval is less than
 21 seven (7) days and, at the option of the seller, may be reduced
 22 by an adjustment for each day by which the interval is more
 23 than seven (7) days; the adjustment for each day shall be
 24 one-seventh (1/7) of that part of the credit service charge
 25 earned in the computational period prior to the due date of the
 26 first scheduled installment assuming that period to be one (1)
 27 week; and
- 28 (ii) if the interval to the final scheduled payment date is a
 29 number of computational periods plus an additional number of
 30 days less than a full week, the additional number of days shall
 31 be considered a computational period only if five (5) days or
 32 more. This ~~subparagraph~~ **clause** applies whether or not
 33 ~~subparagraph~~ **clause** (i) applies.
- 34 (6) If a deferral (IC 24-4.5-2-204) has been agreed to, the unearned
 35 portion of the credit service charge shall be computed without regard
 36 to the deferral. The amount of deferral charge earned at the date of
 37 prepayment shall also be calculated. If the deferral charge earned is
 38 less than the deferral charge paid, the difference shall be added to the
 39 unearned portion of the credit service charge. If any part of a deferral
 40 charge has been earned but has not been paid, that part shall be
 41 subtracted from the unearned portion of the credit service charge or
 42 shall be added to the unpaid balance.



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

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

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

15 (10) Upon prepayment in full of a transaction with a term of more
 16 than sixty-one (61) months, the unearned part of the credit service
 17 charge shall be computed by applying the disclosed annual percentage
 18 rate that would yield the credit service charge originally contracted for
 19 to the unpaid balances of the amount financed for the full
 20 computational periods following the prepayment, as originally
 21 scheduled or as deferred.

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

- 26 (a) credit is granted by a person that is not regularly engaged as
 27 a seller in credit transactions of the same kind;
 28 (b) the buyer is a person other than an organization;
 29 (c) the goods, services, or interest in land are purchased primarily
 30 for a personal, family, or household purpose;
 31 (d) either the debt is payable in installments or a credit service
 32 charge is made; and
 33 (e) with respect to a sale of goods or services:
 34 (i) either the amount of credit extended, the written credit
 35 limit, or the initial advance does not exceed the exempt
 36 threshold amount, as adjusted in accordance with the annual
 37 adjustment of the exempt threshold amount, specified in
 38 Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as
 39 applicable); or
 40 (ii) the debt is secured by personal property used or expected
 41 to be used as the principal dwelling of the buyer.

42 (2) With respect to a consumer related sale not made pursuant to a



1 revolving charge account, the parties may contract for an amount
 2 comprising the amount financed and a credit service charge not in
 3 excess of twenty-five percent (25%) per year calculated according to
 4 the actuarial method on the unpaid balances of the amount financed.

5 (3) With respect to a consumer related sale made pursuant to a
 6 revolving charge account, the parties may contract for a credit service
 7 charge not in excess of that permitted by the provisions on credit
 8 service charge for revolving charge accounts (~~IC 24-4.5-2-207~~).
 9 **(IC 24-4.5-2-201(6)).**

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

12 SECTION 10. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017,
 13 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2020]: Sec. 201. Loan Finance Charge for Consumer Loans
 15 other than Supervised Loans—(1) Except as provided in subsections
 16 ~~(6)~~ (7) and ~~(8)~~; (9), with respect to a consumer loan, other than a
 17 supervised loan (as defined in section 501 of this chapter), a lender
 18 may contract for a loan finance charge, calculated according to the
 19 actuarial method, not exceeding twenty-five percent (25%) per year on
 20 the unpaid balances of the principal **(as defined in section 107(3) of**
 21 **this chapter).**

22 (2) **In the case of a loan agreement entered into before July 1,**
 23 **2020,** this section does not limit or restrict the manner of contracting
 24 for the loan finance charge, whether by way of add-on, discount, or
 25 otherwise, so long as the rate of the loan finance charge does not
 26 exceed that permitted by this section. If the loan is precomputed:

- 27 (a) the loan finance charge may be calculated on the assumption
 28 that all scheduled payments will be made when due; and
 29 (b) the effect of prepayment is governed by the provisions on
 30 rebate upon prepayment in section 210 of this chapter.

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

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

- 36 **(i) subsection (1) with respect to the loan finance charge;**
 37 **and**
 38 **(ii) subsection (9)(b) with respect to the amount of the**
 39 **authorized nonrefundable prepaid finance charge, in the**
 40 **case of a consumer loan that is not secured by an interest**
 41 **in land.**

42 **(b) The loan finance charge authorized by this section must**



- 1 **be:**
- 2 **(i) contracted for between the lender and the debtor; and**
- 3 **(ii) calculated by applying a rate not exceeding the rate set**
- 4 **forth in subsection (1) to unpaid balances of the principal**
- 5 **(as defined in section 107(3) of this chapter).**
- 6 **(c) A loan agreement for a precomputed consumer loan is**
- 7 **prohibited.**
- 8 **(d) Subject to subsection (12), in addition to the loan finance**
- 9 **charge authorized by subsection (1) and to any other fees**
- 10 **permitted by this chapter, and not subject to the twenty-five**
- 11 **percent (25%) rate set forth in subsection (1), the lender may**
- 12 **contract for and receive as a condition for, or an incident to,**
- 13 **the extension of credit a nonrefundable prepaid finance**
- 14 **charge under subsection (9), whether the charge is:**
- 15 **(i) paid separately in cash or by check before or at**
- 16 **consummation; or**
- 17 **(ii) withheld from the proceeds of the consumer loan.**
- 18 ~~(3)~~ **(4)** For the purposes of this section, the term of a loan
- 19 commences with the date the loan is made. Differences in the lengths
- 20 of months are disregarded, and a day may be counted as one-thirtieth
- 21 (1/30) of a month. Subject to classifications and differentiations the
- 22 lender may reasonably establish, a part of a month in excess of fifteen
- 23 (15) days may be treated as a full month if periods of fifteen (15) days
- 24 or less are disregarded and if that procedure is not consistently used to
- 25 obtain a greater yield than would otherwise be permitted. For purposes
- 26 of computing average daily balances, the creditor may elect to treat all
- 27 months as consisting of thirty (30) days.
- 28 ~~(4)~~ **(5)** With respect to a consumer loan made pursuant to a
- 29 revolving loan account:
- 30 (a) the loan finance charge shall be deemed not to exceed the
- 31 maximum annual percentage rate if the loan finance charge
- 32 contracted for and received does not exceed a charge in each
- 33 monthly billing cycle which is two and eighty-three thousandths
- 34 percent (2.083%) of an amount not greater than:
- 35 (i) the average daily balance of the debt;
- 36 (ii) the unpaid balance of the debt on the same day of the
- 37 billing cycle; or
- 38 (iii) subject to subsection ~~(5)~~, **(6)**, the median amount within
- 39 a specified range within which the average daily balance or the
- 40 unpaid balance of the debt, on the same day of the billing
- 41 cycle, is included; for the purposes of this ~~subparagraph clause~~ **clause**
- 42 and ~~subparagraph clause~~ **clause** (ii), a variation of not more than four



- 1 (4) days from month to month is "the same day of the billing
2 cycle";
- 3 (b) if the billing cycle is not monthly, the loan finance charge
4 shall be deemed not to exceed the maximum annual percentage
5 rate if the loan finance charge contracted for and received does
6 not exceed a percentage which bears the same relation to
7 one-twelfth (1/12) the maximum annual percentage rate as the
8 number of days in the billing cycle bears to thirty (30); and
- 9 (c) notwithstanding subsection (1), if there is an unpaid balance
10 on the date as of which the loan finance charge is applied, the
11 lender may contract for and receive a charge not exceeding fifty
12 cents (\$0.50) if the billing cycle is monthly or longer, or the pro
13 rata part of fifty cents (\$0.50) which bears the same relation to
14 fifty cents (\$0.50) as the number of days in the billing cycle bears
15 to thirty (30) if the billing cycle is shorter than monthly, but no
16 charge may be made pursuant to this ~~paragraph~~ **subdivision** if the
17 lender has made an annual charge for the same period as
18 permitted by the provisions on additional charges in section
19 202(1)(c) of this chapter.
- 20 ~~(5)~~ **(6)** Subject to classifications and differentiations the lender may
21 reasonably establish, the lender may make the same loan finance
22 charge on all amounts financed within a specified range. A loan finance
23 charge does not violate subsection (1) if:
- 24 (a) when applied to the median amount within each range, it does
25 not exceed the maximum permitted by subsection (1); and
- 26 (b) when applied to the lowest amount within each range, it does
27 not produce a rate of loan finance charge exceeding the rate
28 calculated according to ~~paragraph~~ **subdivision** (a) by more than
29 eight percent (8%) of the rate calculated according to ~~paragraph~~
30 **subdivision** (a).
- 31 ~~(6)~~ **(7)** With respect to a consumer loan not made pursuant to a
32 revolving loan account, the lender may contract for and receive a
33 minimum loan finance charge of not more than thirty dollars (\$30). The
34 minimum loan finance charge allowed under this subsection may be
35 imposed only if the lender does not ~~assess~~ **contract for or receive** a
36 nonrefundable prepaid finance charge under subsection ~~(8)~~ **(9)** and:
- 37 (a) the debtor prepays in full a consumer loan, refinancing, or
38 consolidation, regardless of whether the loan, refinancing, or
39 consolidation is precomputed;
- 40 (b) the loan, refinancing, or consolidation prepaid by the debtor
41 is subject to a loan finance charge that:
- 42 (i) is contracted for by the parties; and



1 (ii) does not exceed the rate prescribed in subsection (1); and
 2 (c) the loan finance charge earned at the time of prepayment is
 3 less than the minimum loan finance charge contracted for under
 4 this subsection.

5 ~~(7)~~ **(8)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(7)** is
 6 subject to change under the provisions on adjustment of dollar amounts
 7 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 8 Reference Base Index to be used under this subsection is the Index for
 9 October 1992.

10 ~~(8)~~ **(9)** Except as provided in subsection ~~(6)~~; **(7)**, **and subject to**
 11 **subsection (12)**, in addition to the loan finance charge ~~provided for in~~
 12 ~~this section authorized by subsection (1)~~ and to any other charges and
 13 fees permitted by this chapter, a lender may contract for and receive a
 14 nonrefundable prepaid finance charge of not more than the following:

15 (a) In the case of a consumer loan that is secured by an interest in
 16 land and that:

17 (i) is not made under a revolving loan account, two percent
 18 (2%) of the loan amount; or

19 (ii) is made under a revolving loan account, two percent (2%)
 20 of the line of credit.

21 (b) In the case of consumer loan that is not secured by an interest
 22 in land, fifty dollars (\$50) **if the loan agreement is entered into**
 23 **before July 1, 2020. If the loan agreement is entered into after**
 24 **June 30, 2020, not more than the following:**

25 (i) **Seventy-five dollars (\$75), in the case of a loan**
 26 **agreement for a principal amount which is two thousand**
 27 **dollars (\$2,000) or less.**

28 (ii) **One hundred fifty dollars (\$150) in the case of a loan**
 29 **agreement for a principal amount which is more than two**
 30 **thousand dollars (\$2,000) but does not exceed four**
 31 **thousand dollars (\$4,000).**

32 (iii) **Two hundred dollars (\$200) in the case of a loan**
 33 **agreement for a principal amount which is more than four**
 34 **thousand dollars (\$4,000).**

35 **The amounts in this subsection are not subject to change under**
 36 **IC 24-4.5-1-106.**

37 ~~(9)~~ **(10)** The nonrefundable prepaid finance charge provided for in
 38 subsection ~~(8)~~ **(9)** is not subject to refund or rebate. **However, for any**
 39 **loan entered into after June 30, 2020, any amount charged by the**
 40 **lender, other than by a lender that is a depository institution (as**
 41 **defined in IC 24-4.5-1-301.5(12)), under subsection (9) that exceeds**
 42 **the applicable amount permitted by subsection (9)(b) constitutes a**



1 violation of this article under IC 24-4.5-6-107.5(l) and is subject to
 2 refund. Any amount charged by a depository institution (as defined
 3 in IC 24-4.5-1-301.5(12)) under subsection (9) that exceeds the
 4 applicable amount set forth in subsection (9)(b) is subject to
 5 refund.

6 (11) If the director determines that a lender's accrual method of
 7 accounting as applied to a consumer loan under this section
 8 involves the application of subterfuge for the purpose of
 9 circumventing this chapter, the director may conform the loan
 10 finance charge and fees for the transaction to the limitations set
 11 forth in this section and may require a refund of overcharges
 12 under IC 24-4.5-6-106(2)(a). A determination by the director under
 13 this subsection:

14 (a) must be in writing;

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

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

17 (12) At the time of consummation of a consumer loan:

18 (a) the loan finance charge authorized by subsection (1); and

19 (b) the nonrefundable prepaid finance charge authorized by
 20 subsection (9) (including any amount charged by a depository
 21 institution (as defined in IC 24-4.5-1-301.5(12)) that exceeds
 22 the applicable amount set forth in subsection (9)(b));

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

25 ~~(10)~~ (13) Notwithstanding subsections ~~(8)~~ (9) and ~~(9)~~; (10), in the
 26 case of a consumer loan that is not secured by an interest in land, if a
 27 lender retains any part of a nonrefundable prepaid finance charge
 28 charged on a loan that is paid in full by a new loan from the same
 29 lender, the following apply:

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

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

36 (c) Subject to subdivisions (a) and (b), if a loan that is entered
 37 into by a lender and a debtor before July 1, 2020, is paid in
 38 full by a new loan from the same lender after June 30, 2020,
 39 the lender may contract for and receive a nonrefundable
 40 prepaid finance charge in the amount set forth in subsection
 41 (9)(b) for loan agreements entered into after June 30, 2020.

42 ~~(11)~~ (14) In the case of a consumer loan that is secured by an



1 interest in land, this section does not prohibit a lender from contracting
 2 for and receiving a fee for preparing deeds, mortgages, reconveyances,
 3 and similar documents under section 202(1)(d)(ii) of this chapter, in
 4 addition to the nonrefundable prepaid finance charge provided for in
 5 subsection ~~(8)~~: **(9)**.

6 SECTION 11. IC 24-4.5-3-204, AS AMENDED BY P.L.175-2015,
 7 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2020]: Sec. 204. Deferral Charges — (1) **This section applies**
 9 **only to a consumer loan, refinancing, or consolidation, that is**
 10 **entered into before July 1, 2020.** With respect to a precomputed
 11 consumer loan, refinancing, or consolidation, the parties before or after
 12 default may agree in writing to a deferral of all or part of one (1) or
 13 more unpaid ~~instalments~~, **installments**, and the lender may make and
 14 collect a charge not exceeding the lesser of thirty-six percent (36%) per
 15 year or the rate previously stated to the debtor pursuant to the
 16 provisions on disclosure (Part 3) applied to the amount or amounts
 17 deferred for the period of deferral calculated without regard to
 18 difference in the lengths of months, but proportionally for a part of a
 19 month, counting each day as one-thirtieth (1/30) of a month. A deferral
 20 charge may be collected at the time it is assessed or at any time
 21 thereafter.

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

26 (3) The parties may agree in writing at the time of a precomputed
 27 consumer loan, refinancing, or consolidation that if an ~~instalment~~
 28 **installment** is not paid within ten (10) days after its due date, the
 29 lender may unilaterally grant a deferral and make charges as provided
 30 in this section. No deferral charge may be made for a period after the
 31 date that the lender elects to accelerate the maturity of the agreement.

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

35 SECTION 12. IC 24-4.5-3-205 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 205. Loan Finance
 37 Charge on Refinancing — With respect to a consumer loan,
 38 refinancing, or consolidation, the lender may by agreement with the
 39 debtor refinance the unpaid balance and may contract for and receive
 40 a loan finance charge based on the principal resulting from the
 41 refinancing at a rate not exceeding that permitted by the provisions on
 42 a loan finance charge for consumer loans (IC 24-4.5-3-201) or the



1 provisions on a loan finance charge for supervised loans
 2 (IC 24-4.5-3-508), whichever is appropriate. For the purpose of
 3 determining the loan finance charge permitted, the principal resulting
 4 from the refinancing comprises the following:

5 (+) (a) If:

6 (i) the transaction was not precomputed, the total of the unpaid
 7 balance and the accrued charges on the date of the refinancing;
 8 or if

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

14 (2) (b) Appropriate additional charges (IC 24-4.5-3-202),
 15 payment of which is deferred.

16 SECTION 13. IC 24-4.5-3-206 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec]. 206. Loan Finance
 18 Charge on Consolidation — (1) If a debtor owes an unpaid balance to
 19 a lender with respect to a consumer loan, refinancing, or consolidation,
 20 and becomes obligated on another consumer loan, refinancing, or
 21 consolidation with the same lender, the parties may agree to a
 22 consolidation resulting in a single schedule of payments. If the previous
 23 consumer loan, refinancing, or consolidation was not precomputed, the
 24 parties may agree to add the unpaid amount of principal and accrued
 25 charges on the date of consolidation to the principal with respect to the
 26 subsequent loan. If the previous consumer loan, refinancing, or
 27 consolidation was precomputed, **in the case of a transaction entered**
 28 **into before July 1, 2020**, the parties may agree to refinance the unpaid
 29 balance pursuant to the provisions on refinancing (IC 24-4.5-3-205)
 30 and to consolidate the principal resulting from the refinancing by
 31 adding it to the principal with respect to the subsequent loan. In either
 32 case the lender may contract for and receive a loan finance charge
 33 based on the aggregate principal resulting from the consolidation at a
 34 rate not in excess of that permitted by the provisions on loan finance
 35 charge for consumer loans (IC 24-4.5-3-201) or the provisions on loan
 36 finance charge for supervised loans (IC 24-4.5-3-508), whichever is
 37 appropriate.

38 (2) The parties may agree to consolidate the unpaid balance of a
 39 consumer loan with the unpaid balance of a consumer credit sale. The
 40 parties may agree to refinance the previous unpaid balance pursuant to
 41 the provisions on refinancing sales (IC 24-4.5-2-205) or the provisions
 42 on refinancing loans (IC 24-4.5-3-205), whichever is appropriate, and

ES 395—LS 7038/DI 101



1 to consolidate the amount financed resulting from the refinancing or
 2 the principal resulting from the refinancing by adding it to the amount
 3 financed or principal with respect to the subsequent sale or loan. The
 4 aggregate amount resulting from the consolidation shall be deemed
 5 principal, and the creditor may contract for and receive a loan finance
 6 charge based on the principal at a rate not in excess of that permitted
 7 by the provisions on loan finance charge for consumer loans
 8 (**IC 24-4.5-3-201**) or the provisions on loan finance charge for
 9 supervised loans (**IC 24-4.5-3-508**), whichever is appropriate.

10 SECTION 14. IC 24-4.5-3-209, AS AMENDED BY P.L.159-2017,
 11 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2020]: Sec. 209. Right to Prepay - (1) Subject to the
 13 provisions on rebate upon prepayment (section 210 of this chapter), the
 14 debtor may prepay in full the unpaid balance of a consumer loan,
 15 refinancing, or consolidation at any time without penalty. With respect
 16 to a consumer loan that is primarily secured by an interest in land, a
 17 lender may contract for a penalty for prepayment of the loan in full, not
 18 to exceed two percent (2%) of any amount prepaid within sixty (60)
 19 days of the date of the prepayment in full, after deducting all refunds
 20 and rebates as of the date of the prepayment. However, the penalty may
 21 not be imposed:

- 22 (a) if the loan is refinanced or consolidated with the same
- 23 creditor;
- 24 (b) for prepayment by proceeds of any insurance or acceleration
- 25 after default; or
- 26 (c) after three (3) years from the contract date.

27 For purposes of this section, the collection of the amount of any
 28 conditionally waived closing costs (as allowed under section 202(d) of
 29 this chapter) by a creditor, as stipulated in the loan agreement, at the
 30 time of prepayment in full does not constitute a prepayment penalty
 31 and is not subject to the limitations set forth in this subsection.

32 (2) At the time of prepayment of a consumer loan not subject to the
 33 provisions of rebate upon prepayment (section 210 of this chapter), the
 34 total finance charge, including the prepaid finance charge but
 35 excluding the nonrefundable prepaid finance charge allowed under
 36 **section 201(9)** of this chapter, may not exceed the maximum charge
 37 allowed under this chapter for the period the loan was in effect. For the
 38 purposes of determining compliance with this subsection, the total
 39 finance charge does not include the following:

- 40 (a) The nonrefundable prepaid finance charge allowed under
- 41 **section 201(9)** of this chapter.
- 42 (b) The debtor paid mortgage broker fee, if any, paid to a person



1 who does not control, is not controlled by, or is not under
 2 common control with, the creditor holding the loan at the time a
 3 consumer loan is prepaid.

4 (3) The creditor or mortgage servicer shall provide, in writing, an
 5 accurate payoff amount for the consumer loan to the debtor within
 6 seven (7) business days (excluding legal public holidays, Saturdays,
 7 and Sundays) after the creditor or mortgage servicer receives the
 8 debtor's written request for the accurate consumer loan payoff amount.
 9 A payoff statement provided by a creditor or mortgage servicer under
 10 this subsection must show the date the statement was prepared and
 11 itemize the unpaid principal balance and each fee, charge, or other sum
 12 included within the payoff amount. A creditor or mortgage servicer
 13 who fails to provide the accurate consumer loan payoff amount is liable
 14 for:

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

20 (b) the greater of:

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

22 (ii) the loan finance charge that accrues on the loan from the
 23 date the creditor or mortgage servicer receives the first written
 24 request until the date on which the accurate consumer loan
 25 payoff amount is provided;

26 if an accurate consumer loan payoff amount is not provided by the
 27 creditor or mortgage servicer within seven (7) business days
 28 (excluding legal public holidays, Saturdays, and Sundays) after
 29 the creditor or mortgage servicer receives the debtor's second
 30 written request, and the creditor or mortgage servicer failed to
 31 comply with subdivision (a).

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

34 (4) As used in this subsection, "mortgage transaction" means a
 35 consumer loan in which a mortgage or a land contract (or another
 36 consensual security interest equivalent to a mortgage or a land contract)
 37 that constitutes a lien is created or retained against land upon which
 38 there is constructed or intended to be constructed a dwelling that is or
 39 will be used by the debtor primarily for personal, family, or household
 40 purposes. This subsection applies to a mortgage transaction with
 41 respect to which any installment or minimum payment due is
 42 delinquent for at least sixty (60) days. The creditor, servicer, or the



1 creditor's agent shall acknowledge a written offer made in connection
 2 with a proposed short sale not later than five (5) business days
 3 (excluding legal public holidays, Saturdays, and Sundays) after the date
 4 of the offer if the offer complies with the requirements for a qualified
 5 written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor,
 6 servicer, or creditor's agent is required to acknowledge a written offer
 7 made in connection with a proposed short sale from a third party acting
 8 on behalf of the debtor only if the debtor has provided written
 9 authorization for the creditor, servicer, or creditor's agent to do so. Not
 10 later than thirty (30) business days (excluding legal public holidays,
 11 Saturdays, and Sundays) after receipt of an offer under this subsection,
 12 the creditor, servicer, or creditor's agent shall respond to the offer with
 13 an acceptance or a rejection of the offer. The thirty (30) day period
 14 described in this subsection may be extended for not more than fifteen
 15 (15) business days (excluding legal public holidays, Saturdays, and
 16 Sundays) if, before the end of the thirty (30) day period, the creditor,
 17 the servicer, or the creditor's agent notifies the debtor of the extension
 18 and the reason the extension is needed. Payment accepted by a creditor,
 19 servicer, or creditor's agent in connection with a short sale constitutes
 20 payment in full satisfaction of the mortgage transaction unless the
 21 creditor, servicer, or creditor's agent obtains:

- 22 (a) the following statement: "The debtor remains liable for any
 23 amount still owed under the mortgage transaction."; or
 24 (b) a statement substantially similar to the statement set forth in
 25 subdivision (a);

26 acknowledged by the initials or signature of the debtor, on or before the
 27 date on which the short sale payment is accepted. As used in this
 28 subsection, "short sale" means a transaction in which the property that
 29 is the subject of a mortgage transaction is sold for an amount that is
 30 less than the amount of the debtor's outstanding obligation under the
 31 mortgage transaction. A creditor or mortgage servicer that fails to
 32 respond to an offer within the time prescribed by this subsection is
 33 liable in accordance with 12 U.S.C. 2605(f) in any action brought
 34 under that section.

35 (5) This section is not intended to provide the owner of real estate
 36 subject to the issuance of process under a judgment or decree of
 37 foreclosure any protection or defense against a deficiency judgment for
 38 purposes of the borrower protections from liability that must be
 39 disclosed under 12 CFR 1026.38(p)(3) on the form required by 12 CFR
 40 1026.38 ("Closing Disclosures" form under the Amendments to the
 41 2013 Integrated Mortgage Disclosures Rule Under the Real Estate
 42 Settlement Procedures Act (Regulation X) and the Truth In Lending



1 Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth
2 in Lending Act (Regulation Z)).

3 SECTION 15. IC 24-4.5-3-210 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 210. Rebate upon
5 Prepayment. — (1) **Except for subsections (2) and (9), this section**
6 **applies only to a loan agreement entered into before July 1, 2020.**

7 Except as provided in subsection (2), upon prepayment in full of the
8 unpaid balance of a precomputed consumer loan, refinancing, or
9 consolidation, an amount not less than the unearned portion of the loan
10 finance charge calculated according to this section shall be rebated to
11 the debtor. If the rebate otherwise required is less than one dollar (\$1),
12 no rebate need be made.

13 (2) Upon prepayment in full of a consumer loan, refinancing, or
14 consolidation, other than one (1) under a revolving loan account, if the
15 loan finance charge earned is less than any permitted minimum loan
16 finance charge (~~IC 24-4.5-3-201(6)~~ **(IC 24-4.5-3-201(7)** or
17 IC 24-4.5-3-508(7)) contracted for, whether or not the consumer loan,
18 refinancing, or consolidation is precomputed, the lender may collect or
19 retain the minimum loan finance charge, as if earned, not exceeding the
20 loan finance charge contracted for.

21 (3) The unearned portion of the loan finance charge is a fraction of
22 the loan finance charge of which the numerator is the sum of the
23 periodic balances scheduled to follow the computational period in
24 which prepayment occurs, and the denominator is the sum of all
25 periodic balances under either the loan agreement or, if the balance
26 owing resulted from a refinancing (IC 24-4.5-3-205) or a consolidation
27 (IC 24-4.5-3-206), under the refinancing agreement or consolidation
28 agreement.

29 (4) In this section:

30 (a) "periodic balance" means the amount scheduled to be
31 outstanding on the last day of a computational period before
32 deducting the payment, if any, scheduled to be made on that day;

33 (b) "computation period" means one (1) month if one-half (1/2)
34 or more of the intervals between scheduled payments under the
35 agreement is one (1) month or more, and otherwise means one (1)
36 week;

37 (c) the "interval" to the due date of the first scheduled installment
38 or the final scheduled payment date is measured from the date of
39 a loan, refinancing, or consolidation, and includes either the first
40 or last day of the interval; and

41 (d) if the interval to the due date of the first scheduled installment
42 does not exceed one (1) month by more than fifteen (15) days



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



1 seven (7) days and, at the option of the lender, may be reduced
 2 by an adjustment for each day by which the interval is more
 3 than seven (7) days; the adjustment for each day shall be
 4 one-seventh (1/7) of that part of the loan finance charge earned
 5 in the computational period prior to the due date of the first
 6 scheduled installment, assuming that period to be one (1)
 7 week; and

8 (ii) if the interval to the final scheduled payment date is a
 9 number of computational periods plus an additional number of
 10 days less than a full week, the additional number of days shall
 11 be considered a computational period only if five (5) days or
 12 more. This ~~subparagraph clause~~ applies whether or not
 13 ~~subparagraph clause~~ (i) applies.

14 (6) If a deferral (IC 24-4.5-3-204) has been agreed to, the unearned
 15 portion of the loan finance charge shall be computed without regard to
 16 the deferral. The amount of deferral charge earned at the date of
 17 prepayment shall also be calculated. If the deferral charge earned is
 18 less than the deferral charge paid, the difference shall be added to the
 19 unearned portion of the loan finance charge. If any part of a deferral
 20 charge has been earned but has not been paid, that part shall be
 21 subtracted from the unearned portion of the loan finance charge or shall
 22 be added to the unpaid balance.

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

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

29 (9) Upon prepayment in full of a consumer loan by the proceeds of
 30 consumer credit insurance (**as defined in IC 24-4.5-4-103**), the debtor
 31 or the debtor's estate shall pay the same loan finance charge or receive
 32 the same rebate as though the debtor had prepaid the agreement on the
 33 date the proceeds of the insurance are paid to the lender, but no later
 34 than ten (10) business days after satisfactory proof of loss is furnished
 35 to the lender. This subsection applies whether or not the loan is
 36 precomputed.

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



1 SECTION 16. IC 24-4.5-3-508, AS AMENDED BY P.L.159-2017,
 2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2020]: Sec. 508. Loan Finance Charge for Supervised Loans
 4 – (1) With respect to a supervised loan, including a loan pursuant to a
 5 revolving loan account, a supervised lender may contract for and
 6 receive a loan finance charge not exceeding that permitted by this
 7 section.

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

10 (a) the total of:

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

14 (ii) twenty-one percent (21%) per year on that part of the
 15 unpaid balances of the principal (**as defined in section 107(3)**
 16 **of this chapter**) which is more than two thousand dollars
 17 (\$2,000) but does not exceed four thousand dollars (\$4,000);
 18 and

19 (iii) fifteen percent (15%) per year on that part of the unpaid
 20 balances of the principal (**as defined in section 107(3) of this**
 21 **chapter**) which is more than four thousand dollars (\$4,000);
 22 or

23 (b) twenty-five percent (25%) per year on the unpaid balances of
 24 the principal (**as defined in section 107(3) of this chapter**).

25 (3) **In the case of a loan agreement entered into before July 1,**
 26 **2020,** this section does not limit or restrict the manner of contracting
 27 for the loan finance charge, whether by way of add-on, discount, or
 28 otherwise, so long as the rate of the loan finance charge does not
 29 exceed that permitted by this section. If the loan is precomputed:

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

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

34 **After June 30, 2020, a loan agreement may not be entered into for**
 35 **a precomputed supervised loan.**

36 (4) The term of a loan for the purposes of this section commences
 37 on the date the loan is made. Differences in the lengths of months are
 38 disregarded, and a day may be counted as one-thirtieth (1/30) of a
 39 month. Subject to classifications and differentiations the lender may
 40 reasonably establish, a part of a month in excess of fifteen (15) days
 41 may be treated as a full month if periods of fifteen (15) days or less are
 42 disregarded and that procedure is not consistently used to obtain a



1 greater yield than would otherwise be permitted.

2 (5) Subject to classifications and differentiations the lender may
3 reasonably establish, the lender may make the same loan finance
4 charge on all principal amounts within a specified range. A loan
5 finance charge does not violate subsection (2) if:

6 (a) when applied to the median amount within each range, it does
7 not exceed the maximum permitted in subsection (2); 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) The amounts of two thousand dollars (\$2,000) and four thousand
14 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection
15 (7) are subject to change pursuant to the provisions on adjustment of
16 dollar amounts (IC 24-4.5-1-106). However, notwithstanding
17 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars
18 (\$30), the Reference Base Index to be used is the Index for October
19 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the
20 amounts of two thousand dollars (\$2,000) and four thousand dollars
21 (\$4,000), the Reference Base Index to be used is the Index for October
22 2012.

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

29 (a) the debtor prepays in full a consumer loan, refinancing, or
30 consolidation, regardless of whether the loan, refinancing, or
31 consolidation is precomputed;

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

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

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

36 (c) the loan finance charge earned at the time of prepayment is
37 less than the minimum loan finance charge contracted for under
38 this subsection.

39 (8) Except as provided in ~~subsection~~ **subsections** (7) and (10)(c),
40 in addition to the loan finance charge provided for in this section and
41 to any other charges and fees permitted by this chapter, the lender may
42 contract for and receive a nonrefundable prepaid finance charge of not



1 more than fifty dollars (\$50) if the loan agreement is entered into
 2 before July 1, 2020. If the loan agreement is entered into after June
 3 30, 2020, not more than the following:

4 (a) Seventy-five dollars (\$75), in the case of a loan agreement
 5 for a principal amount which is two thousand dollars (\$2,000)
 6 or less.

7 (b) One hundred fifty dollars (\$150) in the case of a loan
 8 agreement for a principal amount which is more than two
 9 thousand dollars (\$2,000) but does not exceed four thousand
 10 dollars (\$4,000).

11 (c) Two hundred dollars (\$200) in the case of a loan
 12 agreement for a principal amount which is more than four
 13 thousand dollars (\$4,000).

14 **The amounts in this subsection are not subject to change under**
 15 **IC 24-4.5-1-106.**

16 (9) The nonrefundable prepaid finance charge provided for in
 17 subsection (8) is not subject to refund or rebate. **However, for any**
 18 **supervised loan entered into after June 30, 2020, any amount**
 19 **charged by the lender, other than by a lender that is a depository**
 20 **institution (as defined in IC 24-4.5-1-301.5(12)), under subsection**
 21 **(8) that exceeds the applicable amount permitted by subsection (8)**
 22 **constitutes a violation of this article under IC 24-4.5-6-107.5(1) and**
 23 **is subject to refund. Any amount charged by a depository**
 24 **institution (as defined in IC 24-4.5-1-301.5(12)) under subsection**
 25 **(8) that exceeds the applicable amount set forth in subsection (8) is**
 26 **subject to refund.**

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

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

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

38 (c) **Subject to subdivisions (a) and (b), if a supervised loan that**
 39 **is entered into by a lender and a debtor before July 1, 2020, is**
 40 **paid in full by a new loan from the same lender after June 30,**
 41 **2020, the lender may contract for and receive a**
 42 **nonrefundable prepaid finance charge in the amount set forth**



1 **in subsection (8) for loan agreements entered into after June**
 2 **30, 2020.**

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

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

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

23 (a) The average daily unpaid balance of the debt in the cycle.
 24 (b) The unpaid balance of the debt or a median amount within a
 25 specified range of unpaid balances of debt on approximately the
 26 same day of the cycle. The day of the cycle need not be the day
 27 used in calculating the credit service charge (~~IC 24-4.5-2-207~~)
 28 (**IC 24-4.5-2-201(6)**) or loan finance charge (IC 24-4.5-3-201 and
 29 IC 24-4.5-3-508), but the specified range shall be the range used
 30 for that purpose.

31 (c) The unpaid balances of principal calculated according to the
 32 actuarial method. ~~or~~

33 (d) The amount of the insurance benefit for the cycle.

34 SECTION 18. IC 24-7-5-12, AS ADDED BY P.L.222-2013,
 35 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2020]: Sec. 12. (a) A lessor may contract for and receive a fee
 37 for accepting rental payments by telephone in connection with a rental
 38 purchase agreement, if all of the following conditions are met:

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

41 (2) The payment by telephone service is not established in
 42 advance, under the rental purchase agreement or otherwise, as the



- 1 expected method for making rental payments under the rental
 2 purchase agreement.
- 3 (3) The fee does not exceed ~~one dollar and fifty cents (\$1.50)~~.
 4 **three dollars (\$3).**
- 5 (4) The lessee retains the right to make rental payments by
 6 payment methods in connection with which no additional fee
 7 would be assessed or incurred (including in-person payments and
 8 payments by mail) as a result of such alternative payment
 9 methods.
- 10 (5) The fee is contracted for and disclosed by the lessor in the
 11 rental purchase agreement.
- 12 (6) The lessor posts a sign at each store location disclosing to
 13 existing and prospective lessees:
- 14 (A) the amount of the fee;
- 15 (B) the lessee's right and option to make rental payments by
 16 alternative payment methods and not be assessed or incur an
 17 additional fee; and
- 18 (C) the alternative payment methods offered by the lessor in
 19 connection with which no additional fee would be assessed or
 20 incurred.
- 21 (7) The lessor's books and records provide an audit trail sufficient
 22 to allow the department and its examiners to confirm the lessee's
 23 compliance with the conditions listed in subdivisions (1) through
 24 (6).
- 25 (b) A fee may not be charged under this section unless there is
 26 interaction between a live employee or representative of the lessor and
 27 the lessee.
- 28 SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) The legislative**
 29 **council is urged to assign to the interim study committee on**
 30 **financial institutions and insurance the task of studying the**
 31 **potential effect of breaking up the Uniform Consumer Credit Code**
 32 **codified at IC 24-4.5.**
- 33 **(b) This SECTION expires January 1, 2021.**
- 34 SECTION 20. **An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 395, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 15.

Page 2, delete lines 1 through 4.

Page 3, delete lines 12 through 42, begin a new paragraph and insert:

"SECTION 3. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 201. Credit Service Charge for Consumer Credit Sales ~~other than Revolving Charge Accounts~~ — (1) **Except as provided in subsections (8) and (11)**, with respect to a consumer credit sale, ~~other than a sale pursuant to a revolving charge account~~, a seller may contract for and receive a credit service charge not exceeding that permitted by this section.

(2) The credit service charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of:

(a) the total of:

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

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

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

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

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

(a) the credit service charge may be calculated on the assumption



that all scheduled payments will be made when due; and
 (b) the effect of prepayment is governed by the provisions on rebate upon prepayment in section 210 of this chapter.

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

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

- (i) contracted for between the seller and the debtor; and**
- (ii) calculated by applying a rate not exceeding the rate set forth in subsection (2) to unpaid balances of the amount financed (as defined in section 111 of this chapter).**

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

(c) Subject to subsection (13), in addition to the credit service charge authorized by subsection (2), and not subject to the rate set forth in subsection (2), the seller may contract for and receive as a condition for, or an incident to, the extension of credit only the authorized nonrefundable fee under subsection (11), whether the fee is:

- (i) paid separately in cash or by check before or at consummation; or**
- (ii) withheld from the proceeds of the consumer credit sale.**

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

(a) Delays attributable to the customer. Where the customer requests delivery after the thirty (30) day period or where delivery occurs after the thirty (30) day period for a reason attributable to the customer (including but not limited to failure to close on a residence or failure to obtain lease approval), the term of the sale agreement shall commence with the date credit is granted.

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

Differences in the lengths of months are disregarded and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the seller may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and that procedure



is not consistently used to obtain a greater yield than would otherwise be permitted.

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

(a) The credit service charge contracted for and received may not exceed a charge in each monthly billing cycle which is either two and eighty-three thousandths percent (2.083%) of an amount not greater than:

- (i) the average daily balance of the account;**
- (ii) the unpaid balance of the account on the same day of the billing cycle; or**
- (iii) subject to subsection (7), the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account, on the same day of the billing cycle, is included.**

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

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

(c) Notwithstanding subdivision (a), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly. However, a seller may not contract for or receive a charge under this subdivision if the seller has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(e) of this chapter.

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

- (a) when applied to the median amount within each range, it does not exceed the maximum permitted by subsection (2); and**



(b) when applied to the lowest amount within each range, it does not produce a rate of credit service charge exceeding the rate calculated according to ~~paragraph~~ **subdivision** (a) by more than eight percent (8%) of the rate calculated according to ~~paragraph~~ **subdivision** (a).

~~(6)~~ **(8)** Notwithstanding subsection (2), **with respect to a consumer sale other than a sale under a revolving charge account**, the seller may contract for and receive a minimum credit service charge of not more than thirty dollars (\$30). The minimum credit service charge allowed under this subsection may be imposed only if **the seller does not contract for or receive a nonrefundable fee under subsection (11) and:**

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

~~(7)~~ **(9)** The amounts of two thousand dollars (\$2,000) and four thousand dollars (\$4,000) in subsection (2) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 2012.

~~(8)~~ **(10)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(8)** is subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 1992.

(11) This subsection applies to a sale agreement entered into after June 30, 2020. Except as provided in subsection (8), and subject to subsection (13), in addition to the credit service charge authorized by subsection (2), and to any other fees permitted by this chapter, a seller may contract for and receive a nonrefundable fee in an amount which is not more than:

- (a) seventy-five dollars (\$75) for an amount financed (as defined in section 111 of this chapter) which is two thousand dollars (\$2,000) or less;**



- (b) one hundred fifty dollars (\$150) for an amount financed (as defined in section 111 of this chapter) which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000); and
- (c) two hundred fifty dollars (\$250) for an amount financed (as defined in section 111 of this chapter) which is more than four thousand dollars (\$4,000).

The nonrefundable fee is not subject to refund or rebate. However, any fee amount charged by the seller under this subsection that exceeds the amounts permitted by this subsection constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. The amounts in this subsection are not subject to change under IC 24-4.5-1-106.

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

- (a) must be in writing;
- (b) shall be delivered to all parties in the transaction; and
- (c) is subject to IC 4-21.5-3.

(13) At the time of consummation of a consumer credit sale:

- (a) the credit service charge authorized by subsection (2); and
- (b) the nonrefundable fee authorized by subsection (11), in the case of a sale agreement entered into after June 30, 2020;

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

Delete pages 4 through 8.

Page 9, delete lines 1 through 35.

Page 12, line 19, delete "(IC 24-4.5-2-201(7))." and insert "(IC 24-4.5-2-201(6))."

Page 12, line 31, delete "201(12)" and insert "201(11)".

Page 15, line 6, delete "(IC 24-4.5-2-201(9))" and insert "(IC 24-4.5-2-201(8))".

Page 15, line 30, delete "(IC 24-4.5-2-201(6))" and insert "(IC 24-4.5-2-201(5))".

Page 18, line 22, delete "(IC 24-4.5-2-201(7))" and insert "(IC 24-4.5-2-201(6))".

Page 18, delete lines 25 through 42, begin a new paragraph and



insert:

"SECTION 12. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 201. Loan Finance Charge for Consumer Loans other than Supervised Loans—(1) Except as provided in subsections ~~(6)~~ (7) and ~~(8)~~; **(9)**, with respect to a consumer loan, other than a supervised loan (as defined in section 501 of this chapter), a lender may contract for a loan finance charge, calculated according to the actuarial method, not exceeding twenty-five percent (25%) per year on the unpaid balances of the principal **(as defined in section 107(3) of this chapter)**.

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

- (a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and
- (b) the effect of prepayment is governed by the provisions on rebate upon prepayment in section 210 of this chapter.

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

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

- (i) subsection (1) with respect to the loan finance charge; and**
- (ii) subsection (9)(b) with respect to the amount of the authorized nonrefundable fee, in the case of a consumer loan that is not secured by an interest in land.**

(b) The loan finance charge authorized by this section must be:

- (i) contracted for between the lender and the debtor; and**
- (ii) calculated by applying a rate not exceeding the rate set forth in subsection (1) to unpaid balances of the principal (as defined in section 107(3) of this chapter).**

(c) A loan agreement for a precomputed consumer loan is prohibited.

(d) Subject to subsection (12), in addition to the loan finance charge authorized by subsection (1), and not subject to the twenty-five percent (25%) rate set forth in subsection (1), the lender may contract for and receive as a condition for, or an



incident to, the extension of credit only the authorized nonrefundable fee under subsection (9), whether the fee is:

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

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

~~(3)~~ **(4)** For the purposes of this section, the term of a loan commences with the date the loan is made. Differences in the lengths of months are disregarded, and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and if that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. For purposes of computing average daily balances, the creditor may elect to treat all months as consisting of thirty (30) days.

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

(a) the loan finance charge shall be deemed not to exceed the maximum annual percentage rate if the loan finance charge contracted for and received does not exceed a charge in each monthly billing cycle which is two and eighty-three thousandths percent (2.083%) of an amount not greater than:

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

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

(c) notwithstanding subsection (1), if there is an unpaid balance on the date as of which the loan finance charge is applied, the lender may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro



rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly, but no charge may be made pursuant to this ~~paragraph~~ **subdivision** if the lender has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(c) of this chapter.

~~(5)~~ **(6)** Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same loan finance charge on all amounts financed within a specified range. A loan finance charge does not violate subsection (1) if:

- (a) when applied to the median amount within each range, it does not exceed the maximum permitted by subsection (1); and
- (b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to ~~paragraph~~ **subdivision** (a) by more than eight percent (8%) of the rate calculated according to ~~paragraph~~ **subdivision** (a).

~~(6)~~ **(7)** With respect to a consumer loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars (\$30). The minimum loan finance charge allowed under this subsection may be imposed only if the lender does not ~~assess contract for or receive a nonrefundable prepaid finance charge fee~~ under subsection ~~(8)~~ **(9)** and:

- (a) the debtor prepays in full a consumer loan, refinancing, or consolidation, regardless of whether the loan, refinancing, or consolidation is precomputed;
- (b) the loan, refinancing, or consolidation prepaid by the debtor is subject to a loan finance charge that:
 - (i) is contracted for by the parties; and
 - (ii) does not exceed the rate prescribed in subsection (1); and
- (c) the loan finance charge earned at the time of prepayment is less than the minimum loan finance charge contracted for under this subsection.

~~(7)~~ **(8)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(7)** is subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 1992.

~~(8)~~ **(9)** Except as provided in subsection ~~(6)~~; **(7)**, and **subject to subsection (12)**, in addition to the loan finance charge ~~provided for in this section~~ **authorized by subsection (1)** and to any other charges and



fees permitted by this chapter, a lender may contract for and receive a nonrefundable ~~prepaid finance charge fee~~ of not more than the following:

- (a) In the case of a consumer loan that is secured by an interest in land and that:
 - (i) is not made under a revolving loan account, two percent (2%) of the loan amount; or
 - (ii) is made under a revolving loan account, two percent (2%) of the line of credit.
- (b) In the case of consumer loan that is not secured by an interest in land, fifty dollars (\$50) **if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:**
 - (i) Seventy-five dollars (\$75), in the case of a loan agreement for a principal amount which is two thousand dollars (\$2,000) or less.
 - (ii) One hundred fifty dollars (\$150) in the case of a loan agreement for a principal amount which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000).
 - (iii) Two hundred fifty dollars (\$250) in the case of a loan agreement for a principal amount which is more than four thousand dollars (\$4,000).

The amounts in this subsection are not subject to change under IC 24-4.5-1-106.

~~(9)~~ (10) The nonrefundable ~~prepaid finance charge fee~~ provided for in subsection ~~(8)~~ (9) is not subject to refund or rebate. **However, for any loan entered into after June 30, 2020, any fee amount charged by the seller under this subsection that exceeds the amounts permitted by subsection (9) constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund.**

(11) **If the director determines that a lender's accrual method of accounting as applied to a consumer loan under this section involves the application of subterfuge for the purpose of circumventing this chapter, the director may conform the loan finance charge and fees for the transaction to the limitations set forth in this section and may require a refund of overcharges under IC 24-4.5-6-106(2)(a). A determination by the director under this subsection:**

- (a) must be in writing;
- (b) shall be delivered to all parties in the transaction; and
- (c) is subject to IC 4-21.5-3.



(12) At the time of consummation of a consumer loan:

(a) the loan finance charge authorized by subsection (1); and
(b) the nonrefundable fee authorized by subsection (9);
are subject to IC 35-45-7 and, when combined, may not exceed the rate set forth in IC 35-45-7-2.

~~(10)~~ **(13)** Notwithstanding subsections ~~(8)~~ **(9)** and ~~(9)~~; **(10)**, in the case of a consumer loan that is not secured by an interest in land, if a lender retains any part of a nonrefundable ~~prepaid finance charge fee~~ charged on a loan that is paid in full by a new loan from the same lender, the following apply:

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

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

(c) Subject to subdivisions (a) and (b), if a loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable fee in the amount set forth in subsection (9)(b) for loan agreements entered into after June 30, 2020.

~~(11)~~ **(14)** In the case of a consumer loan that is secured by an interest in land, this section does not prohibit a lender from contracting for and receiving a fee for preparing deeds, mortgages, reconveyances, and similar documents under section 202(1)(d)(ii) of this chapter, in addition to the nonrefundable ~~prepaid finance charge fee~~ provided for in subsection ~~(8)~~: **(9)**."

Delete pages 19 through 24.

Page 25, delete lines 1 through 17.

Page 33, delete lines 13 through 24.

Page 33, line 28, delete "This section applies only to a loan agreement entered into".

Page 33, line 29, delete "before July 1, 2020."

Page 36, line 1, delete "201(9)(b)(ii)" and insert "**201(9)(b)**".

Page 36, line 2, delete "However, a lender may not encourage or".

Page 36, delete lines 3 through 7.

Page 36, line 33, delete "(IC 24-4.5-2-201(7))" and insert "**(IC 24-4.5-2-201(6))**".

Page 37, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 24. [EFFECTIVE UPON PASSAGE] **(a) The**



legislative council is urged to assign to the interim study committee on financial institutions and insurance the task of studying the potential effect of breaking up the Uniform Consumer Credit Code codified at IC 24-4.5.

(b) This SECTION expires January 1, 2021."

and when so amended that said bill do pass.

(Reference is to SB 395 as introduced.)

BASSLER, Chairperson

Committee Vote: Yeas 7, Nays 2.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Senate Bill 395, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, delete lines 35 through 42, begin a new paragraph and insert:

"SECTION 2. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 201. Credit Service Charge for Consumer Credit Sales ~~other than Revolving Charge Accounts~~ — (1) **Except as provided in subsections (8) and (11)**, with respect to a consumer credit sale, ~~other than a sale pursuant to a revolving charge account~~, a seller may contract for and receive a credit service charge not exceeding that permitted by this section.

(2) The credit service charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of:

(a) the total of:

- (i) thirty-six percent (36%) per year on that part of the unpaid balances of the amount financed (**as defined in section 111 of this chapter**) which is two thousand dollars (\$2,000) or less;
- (ii) twenty-one percent (21%) per year on that part of the unpaid balances of the amount financed (**as defined in section 111 of this chapter**) which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000); and



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

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

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

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

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

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

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

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

(ii) calculated by applying a rate not exceeding the rate set forth in subsection (2) to unpaid balances of the amount financed (as defined in section 111 of this chapter).

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

(c) Subject to subsection (13), in addition to the credit service charge authorized by subsection (2) and to any other fees permitted by this chapter, and not subject to the rate set forth in subsection (2), the seller may contract for and receive as a condition for, or an incident to, the extension of credit a nonrefundable prepaid finance charge under subsection (11), whether the charge is:

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

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

~~(4)~~ **(5) For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed more than thirty (30) days after that date, with the date of commencement of delivery or performance except as set forth below:**

(a) Delays attributable to the customer. Where the customer



requests delivery after the thirty (30) day period or where delivery occurs after the thirty (30) day period for a reason attributable to the customer (including but not limited to failure to close on a residence or failure to obtain lease approval), the term of the sale agreement shall commence with the date credit is granted.

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

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

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

(a) The credit service charge contracted for and received may not exceed a charge in each monthly billing cycle which is either two and eighty-three thousandths percent (2.083%) of an amount not greater than:

- (i) the average daily balance of the account;**
- (ii) the unpaid balance of the account on the same day of the billing cycle; or**
- (iii) subject to subsection (7), the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account, on the same day of the billing cycle, is included.**

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

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

(c) Notwithstanding subdivision (a), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears



the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly. However, a seller may not contract for or receive a charge under this subdivision if the seller has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(e) of this chapter.

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

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

~~(6)~~ (8) Notwithstanding subsection (2), **with respect to a consumer sale other than a sale under a revolving charge account**, the seller may contract for and receive a minimum credit service charge of not more than thirty dollars (\$30). The minimum credit service charge allowed under this subsection may be imposed only if **the seller does not contract for or receive a nonrefundable prepaid finance charge under subsection (11) and:**

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

~~(7)~~ (9) The amounts of two thousand dollars (\$2,000) and four thousand dollars (\$4,000) in subsection (2) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 2012.

~~(8)~~ (10) The amount of thirty dollars (\$30) in subsection ~~(6)~~ (8) is



subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 1992.

(11) This subsection applies to a sale agreement entered into after June 30, 2020. Except as provided in subsection (8), and subject to subsection (13), in addition to the credit service charge authorized by subsection (2), and to any other fees permitted by this chapter, a seller may contract for and receive a nonrefundable prepaid finance charge in an amount which is not more than:

- (a) seventy-five dollars (\$75) for an amount financed (as defined in section 111 of this chapter) which is two thousand dollars (\$2,000) or less;**
- (b) one hundred fifty dollars (\$150) for an amount financed (as defined in section 111 of this chapter) which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000); and**
- (c) two hundred dollars (\$200) for an amount financed (as defined in section 111 of this chapter) which is more than four thousand dollars (\$4,000).**

The nonrefundable prepaid finance charge is not subject to refund or rebate. However, any amount charged by the seller, other than by a seller that is a depository institution (as defined in IC 24-4.5-1-301.5(12)), under this subsection that exceeds the applicable amount permitted by this subsection constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. Any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) under this subsection that exceeds the applicable amount set forth in this subsection is subject to refund. The amounts in this subsection are not subject to change under IC 24-4.5-1-106.

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

- (a) must be in writing;**
- (b) shall be delivered to all parties in the transaction; and**
- (c) is subject to IC 4-21.5-3.**



- (13) At the time of consummation of a consumer credit sale:**
(a) the credit service charge authorized by subsection (2); and
(b) the nonrefundable prepaid finance charge authorized by subsection (11) (including any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) that exceeds the applicable amount set forth in subsection (11)) in the case of a sale agreement entered into after June 30, 2020;

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

Delete pages 3 through 6.

Page 7, delete lines 1 through 11.

Page 10, line 6, delete "excluding the nonrefundable fee" and insert **"subject to section 201(13) of this chapter, excluding the nonrefundable prepaid finance charge"**.

Delete pages 16 through 19.

Page 20, delete lines 1 through 27, begin a new paragraph and insert:

"SECTION 10. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 201. Loan Finance Charge for Consumer Loans other than Supervised Loans—(1) Except as provided in subsections ~~(6)~~ (7) and ~~(8)~~, (9), with respect to a consumer loan, other than a supervised loan (as defined in section 501 of this chapter), a lender may contract for a loan finance charge, calculated according to the actuarial method, not exceeding twenty-five percent (25%) per year on the unpaid balances of the principal **(as defined in section 107(3) of this chapter).**

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

- (a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and
- (b) the effect of prepayment is governed by the provisions on rebate upon prepayment in section 210 of this chapter.

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

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



- (i) subsection (1) with respect to the loan finance charge; and
 - (ii) subsection (9)(b) with respect to the amount of the authorized nonrefundable prepaid finance charge, in the case of a consumer loan that is not secured by an interest in land.
- (b) The loan finance charge authorized by this section must be:
- (i) contracted for between the lender and the debtor; and
 - (ii) calculated by applying a rate not exceeding the rate set forth in subsection (1) to unpaid balances of the principal (as defined in section 107(3) of this chapter).
- (c) A loan agreement for a precomputed consumer loan is prohibited.
- (d) Subject to subsection (12), in addition to the loan finance charge authorized by subsection (1) and to any other fees permitted by this chapter, and not subject to the twenty-five percent (25%) rate set forth in subsection (1), the lender may contract for and receive as a condition for, or an incident to, the extension of credit a nonrefundable prepaid finance charge under subsection (9), whether the charge is:
- (i) paid separately in cash or by check before or at consummation; or
 - (ii) withheld from the proceeds of the consumer loan.

~~(3)~~ (4) For the purposes of this section, the term of a loan commences with the date the loan is made. Differences in the lengths of months are disregarded, and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and if that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. For purposes of computing average daily balances, the creditor may elect to treat all months as consisting of thirty (30) days.

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

- (a) the loan finance charge shall be deemed not to exceed the maximum annual percentage rate if the loan finance charge contracted for and received does not exceed a charge in each monthly billing cycle which is two and eighty-three thousandths percent (2.083%) of an amount not greater than:
 - (i) the average daily balance of the debt;



(ii) the unpaid balance of the debt on the same day of the billing cycle; or

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

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

(c) notwithstanding subsection (1), if there is an unpaid balance on the date as of which the loan finance charge is applied, the lender may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly, but no charge may be made pursuant to this ~~paragraph subdivision~~ if the lender has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(c) of this chapter.

~~(5)~~ **(6)** Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same loan finance charge on all amounts financed within a specified range. A loan finance charge does not violate subsection (1) if:

(a) when applied to the median amount within each range, it does not exceed the maximum permitted by subsection (1); and

(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to ~~paragraph subdivision~~ **(a)** by more than eight percent (8%) of the rate calculated according to ~~paragraph subdivision~~ **(a)**.

~~(6)~~ **(7)** With respect to a consumer loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars (\$30). The minimum loan finance charge allowed under this subsection may be imposed only if the lender does not ~~assess contract for or receive a~~



nonrefundable prepaid finance charge under subsection ~~(8)~~ **(9)** and:

- (a) the debtor prepays in full a consumer loan, refinancing, or consolidation, regardless of whether the loan, refinancing, or consolidation is precomputed;
- (b) the loan, refinancing, or consolidation prepaid by the debtor is subject to a loan finance charge that:
 - (i) is contracted for by the parties; and
 - (ii) does not exceed the rate prescribed in subsection (1); and
- (c) the loan finance charge earned at the time of prepayment is less than the minimum loan finance charge contracted for under this subsection.

~~(7)~~ **(8)** The amount of thirty dollars (\$30) in subsection ~~(6)~~ **(7)** is subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 1992.

~~(8)~~ **(9)** Except as provided in subsection ~~(6)~~; **(7)**, and **subject to subsection (12)**, in addition to the loan finance charge ~~provided for in this section~~ **authorized by subsection (1)** and to any other charges and fees permitted by this chapter, a lender may contract for and receive a nonrefundable prepaid finance charge of not more than the following:

- (a) In the case of a consumer loan that is secured by an interest in land and that:
 - (i) is not made under a revolving loan account, two percent (2%) of the loan amount; or
 - (ii) is made under a revolving loan account, two percent (2%) of the line of credit.
- (b) In the case of consumer loan that is not secured by an interest in land, fifty dollars (\$50) **if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:**
 - (i) **Seventy-five dollars (\$75), in the case of a loan agreement for a principal amount which is two thousand dollars (\$2,000) or less.**
 - (ii) **One hundred fifty dollars (\$150) in the case of a loan agreement for a principal amount which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000).**
 - (iii) **Two hundred dollars (\$200) in the case of a loan agreement for a principal amount which is more than four thousand dollars (\$4,000).**

The amounts in this subsection are not subject to change under



IC 24-4.5-1-106.

~~(9)~~ **(10)** The nonrefundable prepaid finance charge provided for in subsection ~~(8)~~ **(9)** is not subject to refund or rebate. **However, for any loan entered into after June 30, 2020, any amount charged by the lender, other than by a lender that is a depository institution (as defined in IC 24-4.5-1-301.5(12)), under subsection (9) that exceeds the applicable amount permitted by subsection (9)(b) constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. Any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) under subsection (9) that exceeds the applicable amount set forth in subsection (9)(b) is subject to refund.**

(11) If the director determines that a lender's accrual method of accounting as applied to a consumer loan under this section involves the application of subterfuge for the purpose of circumventing this chapter, the director may conform the loan finance charge and fees for the transaction to the limitations set forth in this section and may require a refund of overcharges under IC 24-4.5-6-106(2)(a). A determination by the director under this subsection:

- (a) must be in writing;**
- (b) shall be delivered to all parties in the transaction; and**
- (c) is subject to IC 4-21.5-3.**

(12) At the time of consummation of a consumer loan:

- (a) the loan finance charge authorized by subsection (1); and**
- (b) the nonrefundable prepaid finance charge authorized by subsection (9) (including any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) that exceeds the applicable amount set forth in subsection (9)(b));**

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

~~(10)~~ **(13)** Notwithstanding subsections ~~(8)~~ **(9)** and ~~(9)~~; **(10)**, in the case of a consumer loan that is not secured by an interest in land, if a lender retains any part of a nonrefundable prepaid finance charge charged on a loan that is paid in full by a new loan from the same lender, the following apply:

- (a) If the loan is paid in full by the new loan within three (3) months after the date of the prior loan, the lender may not charge a nonrefundable prepaid finance charge on the new loan, or, in the case of a revolving loan, on the increased credit line.**
- (b) The lender may not assess more than two (2) nonrefundable prepaid finance charges in any twelve (12) month period.**



(c) Subject to subdivisions (a) and (b), if a loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (9)(b) for loan agreements entered into after June 30, 2020.

~~(11)~~ (14) In the case of a consumer loan that is secured by an interest in land, this section does not prohibit a lender from contracting for and receiving a fee for preparing deeds, mortgages, reconveyances, and similar documents under section 202(1)(d)(ii) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection ~~(8)~~: (9)."

Page 23, line 15, reset in roman "prepaid finance charge".

Page 23, line 15, delete "fee".

Page 23, line 20, reset in roman "prepaid finance charge".

Page 23, line 20, delete "fee".

Page 28, delete lines 23 through 42, begin a new paragraph and insert:

"SECTION 16. IC 24-4.5-3-508, AS AMENDED BY P.L. 159-2017, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 508. Loan Finance Charge for Supervised Loans – (1) With respect to a supervised loan, including a loan pursuant to a revolving loan account, a supervised lender may contract for and receive a loan finance charge not exceeding that permitted by this section.

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

(a) the total of:

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

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

(iii) fifteen percent (15%) per year on that part of the unpaid balances of the principal **(as defined in section 107(3) of this chapter)** which is more than four thousand dollars (\$4,000); or

(b) twenty-five percent (25%) per year on the unpaid balances of the principal **(as defined in section 107(3) of this chapter)**.



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

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

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

After June 30, 2020, a loan agreement may not be entered into for a precomputed supervised loan.

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded, and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same loan finance charge on all principal amounts within a specified range. A loan finance charge does not violate subsection (2) if:

(a) when applied to the median amount within each range, it does not exceed the maximum permitted in subsection (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to ~~paragraph~~ **subdivision (a)** by more than eight percent (8%) of the rate calculated according to ~~paragraph~~ **subdivision (a)**.

(6) The amounts of two thousand dollars (\$2,000) and four thousand dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection (7) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars (\$30), the Reference Base Index to be used is the Index for October 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the amounts of two thousand dollars (\$2,000) and four thousand dollars (\$4,000), the Reference Base Index to be used is the Index for October 2012.

(7) With respect to a supervised loan not made pursuant to a revolving loan account, the lender may contract for and receive a



minimum loan finance charge of not more than thirty dollars (\$30). The minimum loan finance charge allowed under this subsection may be imposed only if the lender does not assess a nonrefundable prepaid finance charge under subsection (8) and:

- (a) the debtor prepays in full a consumer loan, refinancing, or consolidation, regardless of whether the loan, refinancing, or consolidation is precomputed;
- (b) the loan, refinancing, or consolidation prepaid by the debtor is subject to a loan finance charge that:
 - (i) is contracted for by the parties; and
 - (ii) does not exceed the rate prescribed in subsection (2); and
- (c) the loan finance charge earned at the time of prepayment is less than the minimum loan finance charge contracted for under this subsection.

(8) Except as provided in ~~subsection~~ **subsections (7) and (10)(c)**, in addition to the loan finance charge provided for in this section and to any other charges and fees permitted by this chapter, the lender may contract for and receive a nonrefundable prepaid finance charge of not more than fifty dollars (\$50) **if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:**

- (a) Seventy-five dollars (\$75), in the case of a loan agreement for a principal amount which is two thousand dollars (\$2,000) or less.**
- (b) One hundred fifty dollars (\$150) in the case of a loan agreement for a principal amount which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000).**
- (c) Two hundred dollars (\$200) in the case of a loan agreement for a principal amount which is more than four thousand dollars (\$4,000).**

The amounts in this subsection are not subject to change under IC 24-4.5-1-106.

(9) The nonrefundable prepaid finance charge provided for in subsection (8) is not subject to refund or rebate. **However, for any supervised loan entered into after June 30, 2020, any amount charged by the lender, other than by a lender that is a depository institution (as defined in IC 24-4.5-1-301.5(12)), under subsection (8) that exceeds the applicable amount permitted by subsection (8) constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. Any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) under subsection**



(8) that exceeds the applicable amount set forth in subsection (8) is subject to refund.

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

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

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

(c) Subject to subdivisions (a) and (b), if a supervised loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (8) for loan agreements entered into after June 30, 2020.

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

Delete pages 29 through 30.

Page 31, delete lines 1 through 5.

Page 32, line 1, delete "\$3.00." and insert "\$3)."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 395 as printed January 31, 2020.)

BURTON

Committee Vote: yeas 6, nays 3.

