
HOUSE BILL No. 1319

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.5; IC 24-9-2-8; IC 28-7-5-28; IC 35-45-7.

Synopsis: Uniform Consumer Credit Code. Makes the following changes to the Uniform Consumer Credit Code (UCCC): (1) Repeals a provision specifying a reference base index for use by the department of financial institutions (department) in adjusting specified dollar amounts designated as subject to change throughout the UCCC. (2) Replaces: (A) the tiered credit service charge authorized for consumer credit sales; and (B) the 25% loan finance charge authorized for consumer loans; with a flat charge of 36% per year on the unpaid balances. (3) Increases the: (A) minimum credit service charge for consumer credit sales; and (B) minimum loan finance charge for consumer loans; from \$30 (subject to indexing) to \$50 (not subject to indexing). (4) Replaces the authorized \$5 delinquency charge (subject to indexing) for consumer credit sales and consumer loans with a nonindexed delinquency charge of: (A) \$5 if installments are due every 14 days or less; (B) \$25 if installments are due every 15 days or more; or (C) \$25, in the case of a single installment due at least 30 days after the consumer credit sale or consumer loan is made. (5) Specifies that a creditor may not charge or collect a delinquency charge on a payment that: (A) is paid within 10 days after its scheduled due date; and (B) is otherwise a full payment of the payment due for the applicable installment period; if the only delinquency with respect to a consumer credit sale or a consumer loan is attributable to a delinquency charge assessed on an earlier installment. (6) Provides that a seller in a consumer credit sale may take a security interest in goods sold if the debt secured is at least \$1,500 (not subject to indexing), versus \$300 (subject to indexing) in current law. (7) Changes the authorized
(Continued next page)

Effective: July 1, 2018.

Carbaugh

January 11, 2018, read first time and referred to Committee on Financial Institutions.



nonrefundable prepaid finance charge for consumer loans not secured by an interest in land from a flat charge of \$50 to: (A) \$150 for loans with a principal amount of less than \$5,000; or (B) \$250 for loans with a principal amount of at least \$5,000. (8) Increases the number of nonrefundable prepaid finance charges that a lender may assess in any 12 month period from two to three. (9) Repeals: (A) the definition of "supervised loan"; and (B) the provision establishing the authorized loan finance charge for supervised loans. Makes conforming amendments throughout the UCCC and the Indiana Code. (10) Provides that for a consumer loan: (A) with a loan finance charge greater than 25%; and (B) in which the principal is \$4,000 or less (not subject to indexing); a lender may not contract for an interest in land as security. (Current law prohibits a lender from contracting for an interest in land as security if the loan principal is \$4,000 or less (subject to indexing) without regard to the loan's finance charge.) (11) Provides that consumer loans having a loan finance charge exceeding 25% and in which the principal is \$4,000 or less are payable over a period of not more than: (A) 37 months if the principal is more than \$1,100 (versus \$300, subject to indexing, in current law) but not more than \$4,000; or (B) 25 months if the principal is \$1,100 (versus \$300, subject to indexing, in current law) or less. (Current law specifies these maximum loan terms for loans with a principal amount of \$4,000 or less (subject to indexing) without regard to the loan's finance charge.) (12) Provides that a creditor in a consumer loan transaction may not contract for or receive a separate charge for property casualty insurance unless the amount financed exclusive of charges for the insurance is at least \$1,000 (versus \$300, subject to indexing, in current law), and the value of the property is at least \$1,000 (versus \$300, subject to indexing, in current law). (13) Authorizes a lender that is licensed to make small loans under the UCCC to make unsecured consumer loans under the same license. (14) Adds to the UCCC chapter governing small loans the repealed provision specifying a reference base index for use by the department in adjusting specified dollar amounts designated as subject to change, so that the indexing provisions apply only to provisions governing small loans and the newly authorized unsecured consumer loans. (15) Defines an "unsecured consumer loan" as a loan: (A) with a principal amount of more than \$550 and not more than \$1,500; and (B) in which the lender holds the borrower's check for a specific period, or receives the borrower's authorization to debit the borrower's account for a specific period, before the lender: (i) offers the check for deposit or presentment; or (ii) debits the account. (16) Establishes the following with respect to unsecured consumer loans: (A) An authorized finance charge, interest rate, and monthly maintenance fee. (B) A \$25 returned check fee. (C) Mandatory consumer disclosures. (D) Requirements concerning the loan term, consecutive unsecured consumer loans, and extended payment plans. (E) Lending prohibitions based on a borrower's monthly gross income. (F) Provisions concerning a lender's duties upon payments made by a borrower. (G) Limits on the number and amount of a borrower's outstanding loans, including a prohibition against a borrower being obligated under a small loan agreement and an unsecured consumer loan agreement at the same time. (H) Permissible and prohibited remedies upon a borrower's default. (I) Remedies and damages for violations by licensees and unlicensed persons. (J) Prohibited acts by a lender. (K) Surety bond requirements for lenders. (17) Provides that for each small loan or unsecured consumer loan made by a lender, the lender shall remit to the director of the department a \$5 fee for use by the director in developing and promoting financial literacy programs. (18) Prohibits a lender from passing the fee onto borrowers. (19)

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Digest Continued

Provides that after June 30, 2020, a borrower who takes out a total of more than: (A) three small loans; or (B) three unsecured consumer loans; in any 24 month period must take a financial literacy course approved by the department. Provides that the course must be available at no cost to the borrower and may be funded, in whole or in part, by the \$5 fee assessed on lenders. (20) Requires a lender to disclose information on the following to a borrower entering into a small loan or an unsecured consumer loan: (A) The availability of the 211 telephone dialing code for access to human services information and referrals. (B) The financial literacy course required after June 30, 2020, for borrowers who have taken out a total of more than three small loans or three unsecured consumer loans in any 24 month period, including contact information for the department.



Introduced

Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1319

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 IS REPEALED [EFFECTIVE JULY
2 1, 2018]. ~~Sec. 106. (1) The dollar amounts in this article designated as~~
3 ~~subject to change shall change, as provided in this section, according~~
4 ~~to the Consumer Price Index for Urban Wage Earners and Clerical~~
5 ~~Workers: U.S. City Average, All Items, 1957-59 equals 100; compiled~~
6 ~~by Bureau of Labor Statistics; United States Department of Labor; and~~
7 ~~referred to in this section as the Index. The Index for October, 1971, is~~
8 ~~the Reference Base Index.~~
9 (2) The dollar amounts shall change on July 1 of each
10 even-numbered year if the percentage of change, calculated to the
11 nearest whole percentage point, between the Index at the end of the
12 preceding year and the Reference Base Index is ten percent (10%) or
13 more; except that:
14 (a) the portion of the percentage change in the Index in excess of
15 a multiple of ten percent (10%) shall be disregarded and the



1 dollar amounts shall change only in multiples of ten percent
2 (10%) of the amounts on March 5, 1971;

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

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

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

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

19 (a) on or before April 30 of each year in which dollar amounts are
20 to change, the changes in dollar amounts required by subsection
21 (2); and

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

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

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

34 SECTION 2. IC 24-4.5-1-109, AS AMENDED BY P.L.35-2010,
35 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JULY 1, 2018]: Sec. 109. All persons licensed on October 1, 1971,
37 under:

38 (1) IC 24-5-4 (before its repeal on October 1, 1971);

39 (2) IC 28-7-4 (before its repeal on October 1, 1971);

40 (3) IC 28-7-2 (before its repeal on October 1, 1971); or

41 (4) IC 28-5-1-4;

42 are licensed to make supervised **consumer** loans under this article,



1 subject to the renewal provisions contained in this article. All
 2 provisions of this article apply to the persons previously licensed or
 3 authorized. The department may deliver evidence of licensing to the
 4 persons previously licensed or authorized.

5 SECTION 3. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013,
 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2018]: Sec. 201. Credit Service Charge for Consumer Credit
 8 Sales other than Revolving Charge Accounts — (1) With respect to a
 9 consumer credit sale, other than a sale pursuant to a revolving charge
 10 account, a seller may contract for and receive a credit service charge
 11 not exceeding that permitted by this section.

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

14 (a) the total of:

15 (i) thirty-six percent (36%) per year on that part of the unpaid
 16 balances of the amount financed. which is two thousand
 17 dollars (\$2,000) or less;

18 (ii) twenty-one percent (21%) per year on that part of the
 19 unpaid balances of the amount financed which is more than
 20 two thousand dollars (\$2,000) but does not exceed four
 21 thousand dollars (\$4,000); and

22 (iii) fifteen percent (15%) per year on that part of the unpaid
 23 balances of the amount financed which is more than four
 24 thousand dollars (\$4,000); or

25 (b) twenty-five percent (25%) per year on the unpaid balances of
 26 the amount financed.

27 (3) This section does not limit or restrict the manner of contracting
 28 for the credit service charge, whether by way of add-on, discount, or
 29 otherwise, so long as the rate of the credit service charge does not
 30 exceed that permitted by this section. If the sale is precomputed:

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

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

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

40 (a) Delays attributable to the customer. Where the customer
 41 requests delivery after the thirty (30) day period or where delivery
 42 occurs after the thirty (30) day period for a reason attributable to



1 the customer (including but not limited to failure to close on a
2 residence or failure to obtain lease approval), the term of the sale
3 agreement shall commence with the date credit is granted.

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

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

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

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

20 (b) when applied to the lowest amount within each range, it does
21 not produce a rate of credit service charge exceeding the rate
22 calculated according to paragraph (a) by more than eight percent
23 (8%) of the rate calculated according to paragraph (a):

24 (6) (5) Notwithstanding subsection (2), the seller may contract for
25 and receive a minimum credit service charge of not more than ~~thirty~~
26 **fifty** dollars (~~\$30~~): (**\$50**). The minimum credit service charge allowed
27 under this subsection may be imposed only if:

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

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

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

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

35 (c) the credit service charge earned at the time of prepayment is
36 less than the minimum credit service charge contracted for under
37 this subsection.

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



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

6 SECTION 4. IC 24-4.5-2-203.5 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 203.5. Delinquency
 8 Charges — (1) With respect to a consumer credit sale, refinancing, or
 9 consolidation, the parties may contract for a delinquency charge of not
 10 more than:

11 (a) five dollars (\$5) on any installment or minimum payment due
 12 **that is not paid in full within ten (10) days after its scheduled due**
 13 **date, if installments under the consumer credit sale,**
 14 **refinancing, or consolidation are due every fourteen (14) days**
 15 **or less;**

16 (b) **twenty-five dollars (\$25) on any installment or minimum**
 17 **payment due that is not paid in full within ten (10) days after**
 18 **its scheduled due date, if installments under the consumer**
 19 **credit sale, refinancing, or consolidation are due every fifteen**
 20 **(15) days or more; or**

21 (c) **twenty-five dollars (\$25) on any installment or minimum**
 22 **payment due that is not paid in full within ten (10) days after**
 23 **its scheduled due date, in the case of a consumer credit sale,**
 24 **refinancing, or consolidation that is payable in a single**
 25 **installment that is due at least thirty (30) days after the**
 26 **consumer credit sale, refinancing, or consolidation is made.**

27 (2) A delinquency charge under this section may be collected only
 28 once on an installment however long it remains in default. A
 29 delinquency charge on consumer credit sales made under a revolving
 30 charge account may be applied each month that the payment is less
 31 than the minimum required payment. A delinquency charge may be
 32 collected any time after it accrues. No delinquency charge may be
 33 collected if the installment has been deferred and a deferral charge
 34 (IC 24-4.5-2-204) has been paid or incurred.

35 (3) A delinquency charge may not be collected on an installment or
 36 payment due that is paid in full within ten (10) days after its scheduled
 37 due date even though an earlier maturing installment, minimum
 38 payment, or a delinquency charge on:

39 (a) an earlier installment; or

40 (b) payment due;

41 may not have been paid in full. For purposes of this subsection,
 42 payments are applied first to current installments or payments due and



1 then to delinquent installments or payments due. A creditor may not,
 2 directly or indirectly, charge or collect a delinquency charge on a
 3 payment that:

4 (a) is paid within ten (10) days after its scheduled due date;
 5 and

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

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

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

25 (5) The amount of five dollars (\$5) in subsection (1) is subject to
 26 change under the section on adjustment of dollar amounts
 27 (~~IC 24-4.5-1-106~~):

28 (6) If the parties provide by contract for a delinquency charge that
 29 is subject to change, the seller shall disclose in the contract that the
 30 amount of the delinquency charge is subject to change as allowed by
 31 ~~IC 24-4.5-1-106~~.

32 SECTION 5. IC 24-4.5-2-210 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 210. Rebate upon
 34 Prepayment — (1) Except as provided in subsection (2), upon
 35 prepayment in full of the unpaid balance of a precomputed consumer
 36 credit sale, refinancing, or consolidation, an amount not less than the
 37 unearned portion of the credit service charge calculated according to
 38 this section shall be rebated to the buyer. If the rebate required is less
 39 than one dollar (\$1), no rebate need be made.

40 (2) Upon prepayment in full of a consumer credit sale, refinancing,
 41 or consolidation, other than one pursuant to a revolving charge account,
 42 if the credit service charge then earned is less than any permitted



1 minimum credit service charge (~~IC 24-4.5-2-201(6)~~)
 2 **(IC 24-4.5-2-201(5))** contracted for, whether or not the sale,
 3 refinancing, or consolidation is precomputed, the seller may collect or
 4 retain the minimum charge, as if earned, not exceeding the credit
 5 service charge contracted for.

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

14 (4) In this section:

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

18 (b) "computational period" means one (1) month if one-half (1/2)
 19 or more of the intervals between scheduled payments under the
 20 agreement is one (1) month or more, and otherwise means one (1)
 21 week;

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

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

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

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

36 (i) if the number of days in the interval to the due date of the
 37 first scheduled installment is less than one (1) month by more
 38 than five (5) days, or more than one (1) month by more than
 39 five (5) but not more than fifteen (15) days, the unearned
 40 credit service charge shall be increased by an adjustment for
 41 each day by which the interval is less than one (1) month and,
 42 at the option of the seller, may be reduced by an adjustment for



- 1 each day by which the interval is more than one (1) month; the
2 adjustment for each day shall be one-thirtieth (1/30) of that
3 part of the credit service charge earned in the computational
4 period prior to the due date of the first scheduled installment
5 assuming that period to be one (1) month; and
6 (ii) if the interval to the final scheduled payment date is a
7 number of computational periods plus an additional number of
8 days less than a full month, the additional number of days shall
9 be considered a computational period only if sixteen (16) days
10 or more. This subparagraph applies whether or not clause (i)
11 applies.
- 12 (b) Notwithstanding paragraph (a), if the computational period is
13 one (1) month, the number of days in the interval to the due date
14 of the first installment exceeds one (1) month by not more than
15 fifteen (15) days, and the schedule of payments is otherwise
16 regular, the seller, at the seller's option, may exclude the extra
17 days and the charge for the extra days in computing the unearned
18 credit service charge; but if the seller does so and a rebate is
19 required before the due date of the first scheduled installment, the
20 seller shall compute the earned charge for each elapsed day as
21 one-thirtieth (1/30) of the amount the earned charge would have
22 been if the first interval had been one (1) month.
- 23 (c) If the computational period is one (1) week and:
24 (i) if the number of days in the interval to the due date of this
25 first scheduled installment is less than five (5) days or more
26 than nine (9) days but not more than eleven (11) days, the
27 unearned credit service charge shall be increased by an
28 adjustment for each day by which the interval is less than
29 seven (7) days and, at the option of the seller, may be reduced
30 by an adjustment for each day by which the interval is more
31 than seven (7) days; the adjustment for each day shall be
32 one-seventh (1/7) of that part of the credit service charge
33 earned in the computational period prior to the due date of the
34 first scheduled installment assuming that period to be one (1)
35 week; and
36 (ii) if the interval to the final scheduled payment date is a
37 number of computational periods plus an additional number of
38 days less than a full week, the additional number of days shall
39 be considered a computational period only if five (5) days or
40 more. This subparagraph applies whether or not subparagraph
41 (i) applies.
- 42 (6) If a deferral (IC 24-4.5-2-204) has been agreed to, the unearned



1 portion of the credit service charge shall be computed without regard
 2 to the deferral. The amount of deferral charge earned at the date of
 3 prepayment shall also be calculated. If the deferral charge earned is
 4 less than the deferral charge paid, the difference shall be added to the
 5 unearned portion of the credit service charge. If any part of a deferral
 6 charge has been earned but has not been paid, that part shall be
 7 subtracted from the unearned portion of the credit service charge or
 8 shall be added to the unpaid balance.

9 (7) This section does not preclude the collection or retention by the
 10 seller of delinquency charges (~~IC 24-4.5-2-203, repealed in 1994~~).
 11 **(section 203.5 of this chapter).**

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

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

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

30 SECTION 6. IC 24-4.5-2-407, AS AMENDED BY P.L.186-2015,
 31 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2018]: Sec. 407. (1) With respect to a consumer credit sale,
 33 a seller may take a security interest in the property sold. In addition, a
 34 seller may take a security interest in goods upon which services are
 35 performed or in which goods sold are installed or to which they are
 36 annexed, or in land to which the goods are affixed or which is
 37 maintained, repaired or improved as a result of the sale of the goods or
 38 services, if, in the case of a subordinate lien mortgage transaction, the
 39 debt secured is four thousand dollars (\$4,000) or more, or, in the case
 40 of a security interest in goods the debt secured is ~~three one thousand~~
 41 **five** hundred dollars (~~\$300~~) **(\$1,500)** or more. Except as provided with
 42 respect to cross-collateral (IC 24-4.5-2-408), a seller may not otherwise



1 take a security interest in property of the buyer to secure the debt
2 arising from a consumer credit sale.

3 (2) With respect to a consumer lease, a lessor may not take a
4 security interest in property of the lessee to secure the debt arising from
5 the lease.

6 (3) A security interest taken in violation of this section is void.

7 ~~(4) The amounts of four thousand dollars (\$4,000) and three~~
8 ~~hundred dollars (\$300) in subsection (1) are subject to change pursuant~~
9 ~~to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106).~~
10 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
11 ~~Index to be used with respect to the amount of:~~

12 ~~(a) three hundred dollars (\$300) is the Index for October 1992;~~
13 ~~and~~

14 ~~(b) four thousand dollars (\$4,000) is the Index for October 2012.~~

15 SECTION 7. IC 24-4.5-3-102, AS AMENDED BY P.L.35-2010,
16 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2018]: Sec. 102. This chapter applies to consumer loans.
18 ~~including supervised loans.~~ In addition, IC 24-4.5-3-601 through
19 IC 24-4.5-3-605 apply to consumer related loans. The licensing
20 provisions of this chapter apply to consumer credit sales under
21 IC 24-4.5-2 that are subordinate lien mortgage transactions.

22 SECTION 8. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017,
23 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2018]: Sec. 201. Loan Finance Charge for Consumer Loans—
25 ~~other than Supervised Loans~~—(1) Except as provided in subsections
26 ~~(6) (5) and (8); (6),~~ with respect to a consumer loan, ~~other than a~~
27 ~~supervised loan (as defined in section 501 of this chapter),~~ a lender
28 may contract for a loan finance charge, calculated according to the
29 actuarial method, not exceeding ~~twenty-five~~ **thirty-six** percent ~~(25%)~~
30 **(36%)** per year on the unpaid balances of the principal.

31 (2) This section does not limit or restrict the manner of contracting
32 for the loan finance charge, whether by way of add-on, discount, or
33 otherwise, so long as the rate of the loan finance charge does not
34 exceed that permitted by this section. If the loan is precomputed:

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

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

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



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

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

9 (a) the loan finance charge shall be deemed not to exceed the
 10 maximum annual percentage rate if the loan finance charge
 11 contracted for and received does not exceed a charge in each
 12 monthly billing cycle which is ~~two and eighty-three thousandths~~
 13 **three percent (2.083%) (3%)** of an amount not greater than:

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

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

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

40 ~~(5) Subject to classifications and differentiations the lender may~~
 41 ~~reasonably establish, the lender may make the same loan finance~~
 42 ~~charge on all amounts financed within a specified range. A loan finance~~



1 charge does not violate subsection (1) if:

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

4 (b) when applied to the lowest amount within each range, it does
5 not produce a rate of loan finance charge exceeding the rate
6 calculated according to paragraph (a) by more than eight percent
7 (8%) of the rate calculated according to paragraph (a):

8 ~~(6)~~ **(5)** With respect to a consumer loan not made pursuant to a
9 revolving loan account, the lender may contract for and receive a
10 minimum loan finance charge of not more than ~~thirty fifty~~ dollars
11 ~~(\$30)~~ **(\$50)**. The minimum loan finance charge allowed under this
12 subsection may be imposed only if the lender does not assess a
13 nonrefundable prepaid finance charge under subsection ~~(8)~~ **(6)** and:

14 (a) the debtor prepays in full a consumer loan, refinancing, or
15 consolidation, regardless of whether the loan, refinancing, or
16 consolidation is precomputed;

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

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

20 (ii) does not exceed the rate prescribed in subsection (1); and

21 (c) the loan finance charge earned at the time of prepayment is
22 less than the minimum loan finance charge contracted for under
23 this subsection.

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

29 ~~(8)~~ **(6)** Except as provided in subsection ~~(6)~~; **(5)**, in addition to the
30 loan finance charge provided for in this section and to any other
31 charges and fees permitted by this chapter, a lender may contract for
32 and receive a nonrefundable prepaid finance charge of not more than
33 the following:

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

36 (i) is not made under a revolving loan account, two percent
37 (2%) of the loan amount; or

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

40 (b) In the case of consumer loan that is not secured by an interest
41 in land **and that:**

42 **(i) has a principal loan amount of less than five thousand**



- 1 **dollars (\$5,000), one hundred fifty dollars (~~\$50~~); (\$150); or**
 2 **(ii) has a principal loan amount of at least five thousand**
 3 **dollars (\$5,000), two hundred fifty dollars (\$250).**
 4 ~~(9)~~ (7) The nonrefundable prepaid finance charge provided for in
 5 subsection ~~(8)~~ (6) is not subject to refund or rebate **and, when made**
 6 **and collected:**
 7 **(i) is not interest; and**
 8 **(ii) is not a rate under IC 35-45-7-1.**
 9 **(8) The nonrefundable prepaid finance charge provided for in**
 10 **subsection (6) is not subject to IC 35-45-7.**
 11 ~~(10)~~ (9) Notwithstanding subsections ~~(8)~~ (6) and ~~(9)~~; (7), in the case
 12 of a consumer loan that is not secured by an interest in land, if a lender
 13 retains any part of a nonrefundable prepaid finance charge charged on
 14 a loan that is paid in full by a new loan from the same lender, the
 15 following apply:
 16 (a) If the loan is paid in full by the new loan within three (3)
 17 months after the date of the prior loan, the lender may not charge
 18 a nonrefundable prepaid finance charge on the new loan, or, in the
 19 case of a revolving loan, on the increased credit line.
 20 (b) The lender may not assess more than ~~two~~ (2) **three (3)**
 21 nonrefundable prepaid finance charges in any twelve (12) month
 22 period.
 23 ~~(11)~~ (10) In the case of a consumer loan that is secured by an
 24 interest in land, this section does not prohibit a lender from contracting
 25 for and receiving a fee for preparing deeds, mortgages, reconveyances,
 26 and similar documents under section 202(1)(d)(ii) of this chapter, in
 27 addition to the nonrefundable prepaid finance charge provided for in
 28 subsection ~~(8)~~; (6).
 29 SECTION 9. IC 24-4.5-3-202, AS AMENDED BY P.L. 159-2017,
 30 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2018]: Sec. 202. (1) In addition to the loan finance charge
 32 permitted by this chapter, a lender may contract for and receive the
 33 following additional charges in connection with a consumer loan:
 34 (a) Official fees and taxes.
 35 (b) Charges for insurance as described in subsection (2).
 36 (c) Annual participation fees assessed in connection with a
 37 revolving loan account. Annual participation fees must:
 38 (i) be reasonable in amount;
 39 (ii) bear a reasonable relationship to the lender's costs to
 40 maintain and monitor the loan account; and
 41 (iii) not be assessed for the purpose of circumvention or
 42 evasion of this article, as determined by the department.



1 (d) With respect to a debt secured by an interest in land, the
 2 following closing costs, if they are bona fide, reasonable in
 3 amount, and not for the purpose of circumvention or evasion of
 4 this article:

5 (i) Fees for title examination, abstract of title, title insurance,
 6 property surveys, or similar purposes.

7 (ii) Fees for preparing deeds, mortgages, and reconveyance,
 8 settlement, and similar documents.

9 (iii) Notary and credit report fees.

10 (iv) Amounts required to be paid into escrow or trustee
 11 accounts if the amounts would not otherwise be included in
 12 the loan finance charge.

13 (v) Appraisal fees.

14 (e) Notwithstanding provisions of the Consumer Credit Protection
 15 Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for
 16 other benefits, including insurance, conferred on the debtor, if the
 17 benefits are of value to the debtor and if the charges are
 18 reasonable in relation to the benefits, and are excluded as
 19 permissible additional charges from the loan finance charge. With
 20 respect to any other additional charge not specifically provided
 21 for in this section to be a permitted charge under this subsection,
 22 the creditor must submit a written explanation of the charge to the
 23 department indicating how the charge would be assessed and the
 24 value or benefit to the debtor. Supporting documents may be
 25 required by the department. The department shall determine
 26 whether the charge would be of benefit to the debtor and is
 27 reasonable in relation to the benefits.

28 (f) A charge not to exceed twenty-five dollars (\$25) for each
 29 return by a bank or other depository institution of a dishonored
 30 check, negotiable order of withdrawal, or share draft issued by the
 31 debtor.

32 (g) With respect to a revolving loan account, a fee not to exceed
 33 twenty-five dollars (\$25) in each billing cycle during which the
 34 balance due under the revolving loan account exceeds by more
 35 than one hundred dollars (\$100) the maximum credit limit for the
 36 account established by the lender.

37 (h) With respect to a revolving loan account, a transaction fee that
 38 may not exceed the lesser of the following:

39 (i) Two percent (2%) of the amount of the transaction.

40 (ii) Ten dollars (\$10).

41 (i) This subdivision applies to a CPAP transaction offered or
 42 entered into after June 30, 2016. With respect to a CPAP



1 transaction, a CPAP provider may impose the following charges
2 and fees:

3 (i) A fee calculated at an annual rate that does not exceed
4 thirty-six percent (36%) of the funded amount.

5 (ii) A servicing charge calculated at an annual rate that does
6 not exceed seven percent (7%) of the funded amount.

7 (iii) If the funded amount of the CPAP transaction is less than
8 five thousand dollars (\$5,000), a one (1) time charge that does
9 not exceed two hundred fifty dollars (\$250) for obtaining and
10 preparing documents.

11 (iv) If the funded amount of the CPAP transaction is at least
12 five thousand dollars (\$5,000), a one (1) time charge that does
13 not exceed five hundred dollars (\$500) for obtaining and
14 preparing documents.

15 A CPAP provider may not assess, or collect from the consumer
16 claimant, any other fee or charge in connection with a CPAP
17 transaction, including any finance charges under section 201 ~~or~~
18 ~~508~~ of this chapter.

19 The additional charges provided for in subdivisions (f), (g), (h), and (i)
20 are not subject to refund or rebate.

21 (2) An additional charge may be made for insurance in connection
22 with the loan, other than insurance protecting the lender against the
23 debtor's default or other credit loss:

24 (a) with respect to insurance against loss of or damage to property
25 or against liability, if the lender furnishes a clear and specific
26 statement in writing to the debtor, setting forth the cost of the
27 insurance if obtained from or through the lender and stating that
28 the debtor may choose the person, subject to the lender's
29 reasonable approval, through whom the insurance is to be
30 obtained; and

31 (b) with respect to consumer credit insurance providing life,
32 accident, unemployment or other loss of income, or health
33 coverage, if the insurance coverage is not a factor in the approval
34 by the lender of the extension of credit and this fact is clearly
35 disclosed in writing to the debtor, and if, in order to obtain the
36 insurance in connection with the extension of credit, the debtor
37 gives specific affirmative written indication of the desire to do so
38 after written disclosure of the cost of the insurance.

39 SECTION 10. IC 24-4.5-3-203.5 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 203.5. Delinquency
41 Charges — (1) With respect to a consumer loan, refinancing, or
42 consolidation, the parties may contract for a delinquency charge of not



1 more than:

2 **(a) five dollars (\$5) on any installment or minimum payment due**
 3 **that is not paid in full within ten (10) days after its scheduled due**
 4 **date, if installments under the consumer loan, refinancing, or**
 5 **consolidation are due every fourteen (14) days or less;**

6 **(b) twenty-five dollars (\$25) on any installment or minimum**
 7 **payment due that is not paid in full within ten (10) days after**
 8 **its scheduled due date, if installments under the consumer**
 9 **loan, refinancing, or consolidation are due every fifteen (15)**
 10 **days or more; or**

11 **(c) twenty-five dollars (\$25) on any installment or minimum**
 12 **payment due that is not paid in full within ten (10) days after**
 13 **its scheduled due date, in the case of a consumer loan,**
 14 **refinancing, or consolidation that is payable in a single**
 15 **installment that is due at least thirty (30) days after the**
 16 **consumer loan, refinancing, or consolidation is made.**

17 (2) A delinquency charge under this section may be collected only
 18 once on an installment however long it remains in default. With regard
 19 to a delinquency charge on consumer loans made under a revolving
 20 loan account, the delinquency charge may be applied each month that
 21 the payment is less than the minimum required payment on the
 22 account. A delinquency charge may be collected any time after it
 23 accrues. A delinquency charge may not be collected if the installment
 24 has been deferred and a deferral charge (IC 24-4.5-3-204) has been
 25 paid or incurred.

26 (3) A delinquency charge may not be collected on an installment or
 27 payment due that is paid in full within ten (10) days after its scheduled
 28 due date even though an earlier maturing installment, minimum
 29 payment, or a delinquency charge on:

30 (a) an earlier installment; or

31 (b) payment due;

32 may not have been paid in full. For purposes of this subsection,
 33 payments are applied first to current installments or payments due and
 34 then to delinquent installments or payments due. A creditor may not,
 35 directly or indirectly, charge or collect a delinquency charge on a
 36 payment that:

37 (a) is paid within ten (10) days after its scheduled due date;
 38 and

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

41 if the only delinquency with respect to the consumer loan,
 42 refinancing, or consolidation is attributable to a delinquency



- 1 **charge assessed on an earlier installment.**
- 2 (4) If two (2) installments or parts of two (2) installments of a
- 3 precomputed loan are in default for ten (10) days or more, the lender
- 4 may elect to convert the loan from a precomputed loan to a loan in
- 5 which the finance charge is based on unpaid balances. A lender that
- 6 makes this election shall make a rebate under the provisions on rebates
- 7 upon prepayment (IC 24-4.5-3-210) as of the maturity date of the first
- 8 delinquent installment, and thereafter may make a loan finance charge
- 9 as authorized by the provisions on loan finance charges for consumer
- 10 loans (IC 24-4.5-3-201), ~~or supervised loans (IC 24-4.5-3-508).~~ The
- 11 amount of the rebate shall not be reduced by the amount of any
- 12 permitted minimum charge (IC 24-4.5-3-210). Any deferral charges
- 13 made on installments due at or after the maturity date of the first
- 14 delinquent installment shall be rebated, and no further deferral charges
- 15 shall be made.
- 16 (5) ~~The amount of five dollars (\$5) in subsection (1) is subject to~~
- 17 ~~change pursuant to the section on adjustment of dollar amounts~~
- 18 ~~(IC 24-4.5-1-106).~~
- 19 (6) ~~If the parties provide by contract for a delinquency charge that~~
- 20 ~~is subject to change, the lender shall disclose in the contract that the~~
- 21 ~~amount of the delinquency charge is subject to change as allowed by~~
- 22 ~~IC 24-4.5-1-106.~~
- 23 SECTION 11. IC 24-4.5-3-205 IS AMENDED TO READ AS
- 24 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 205. Loan Finance
- 25 Charge on Refinancing — With respect to a consumer loan,
- 26 refinancing, or consolidation, the lender may by agreement with the
- 27 debtor refinance the unpaid balance and may contract for and receive
- 28 a loan finance charge based on the principal resulting from the
- 29 refinancing at a rate not exceeding that permitted by the provisions on
- 30 a loan finance charge for consumer loans (IC 24-4.5-3-201), ~~or the~~
- 31 ~~provisions on a loan finance charge for supervised loans~~
- 32 ~~(IC 24-4.5-3-508), whichever is appropriate.~~ For the purpose of
- 33 determining the loan finance charge permitted, the principal resulting
- 34 from the refinancing comprises the following:
- 35 (1) if the transaction was not precomputed, the total of the unpaid
- 36 balance and the accrued charges on the date of the refinancing, or, if
- 37 the transaction was precomputed, the amount which the debtor would
- 38 have been required to pay upon prepayment pursuant to the provisions
- 39 on rebate upon prepayment (IC 24-4.5-3-210) on the date of
- 40 refinancing; and
- 41 (2) appropriate additional charges (IC 24-4.5-3-202), payment of
- 42 which is deferred.



1 SECTION 12. IC 24-4.5-3-206 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 206. Loan Finance
 3 Charge on Consolidation — (1) If a debtor owes an unpaid balance to
 4 a lender with respect to a consumer loan, refinancing, or consolidation,
 5 and becomes obligated on another consumer loan, refinancing, or
 6 consolidation with the same lender, the parties may agree to a
 7 consolidation resulting in a single schedule of payments. If the previous
 8 consumer loan, refinancing, or consolidation was not precomputed, the
 9 parties may agree to add the unpaid amount of principal and accrued
 10 charges on the date of consolidation to the principal with respect to the
 11 subsequent loan. If the previous consumer loan, refinancing, or
 12 consolidation was precomputed, the parties may agree to refinance the
 13 unpaid balance pursuant to the provisions on refinancing
 14 (24-4.5-3-205) and to consolidate the principal resulting from the
 15 refinancing by adding it to the principal with respect to the subsequent
 16 loan. In either case the lender may contract for and receive a loan
 17 finance charge based on the aggregate principal resulting from the
 18 consolidation at a rate not in excess of that permitted by the provisions
 19 on loan finance charge for consumer loans (24-4.5-3-201). ~~or the~~
 20 ~~provisions on loan finance charge for supervised loans (24-4.5-3-508);~~
 21 ~~whichever is appropriate.~~

22 (2) The parties may agree to consolidate the unpaid balance of a
 23 consumer loan with the unpaid balance of a consumer credit sale. The
 24 parties may agree to refinance the previous unpaid balance pursuant to
 25 the provisions on refinancing sales (24-4.5-2-205) or the provisions on
 26 refinancing loans (24-4.5-3-205), whichever is appropriate, and to
 27 consolidate the amount financed resulting from the refinancing or the
 28 principal resulting from the refinancing by adding it to the amount
 29 financed or principal with respect to the subsequent sale or loan. The
 30 aggregate amount resulting from the consolidation shall be deemed
 31 principal, and the creditor may contract for and receive a loan finance
 32 charge based on the principal at a rate not in excess of that permitted
 33 by the provisions on loan finance charge for consumer loans
 34 (24-4.5-3-201). ~~or the provisions on loan finance charge for supervised~~
 35 ~~loans (24-4.5-3-508); whichever is appropriate.~~

36 SECTION 13. IC 24-4.5-3-208 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 208. Advances to
 38 Perform Covenants of Debtor. — (1) If the agreement with respect to
 39 a consumer loan, refinancing, or consolidation contains covenants by
 40 the debtor to perform certain duties pertaining to insuring or preserving
 41 collateral and if the lender pursuant to the agreement pays for
 42 performance of the duties on behalf of the debtor, the lender may add



1 the amounts paid to the debt. Within a reasonable time after advancing
 2 any sums, he shall state to the debtor in writing the amount of the sums
 3 advanced, any charges with respect to this amount, and any revised
 4 payment schedule and, if the duties of the debtor performed by the
 5 lender pertain to insurance, a brief description of the insurance paid for
 6 by the lender including the type and amount of coverages. No further
 7 information need be given.

8 (2) A loan finance charge may be made for sums advanced pursuant
 9 to subsection (1) at a rate not exceeding the rate stated to the debtor
 10 pursuant to the provisions on disclosure (Part 3) with respect to the
 11 loan, refinancing, or consolidation, except that with respect to a
 12 revolving loan account the amount of the advance may be added to the
 13 unpaid balance of the debt and the lender may make a loan finance
 14 charge not exceeding that permitted by the provisions on loan finance
 15 charge for consumer loans (24-4.5-3-201). ~~or for supervised loans~~
 16 ~~(24-4.5-3-508); whichever is appropriate.~~

17 SECTION 14. IC 24-4.5-3-210 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 210. Rebate upon
 19 Prepayment. — (1) Except as provided in subsection (2), upon
 20 prepayment in full of the unpaid balance of a precomputed consumer
 21 loan, refinancing, or consolidation, an amount not less than the
 22 unearned portion of the loan finance charge calculated according to this
 23 section shall be rebated to the debtor. If the rebate otherwise required
 24 is less than one dollar (\$1), no rebate need be made.

25 (2) Upon prepayment in full of a consumer loan, refinancing, or
 26 consolidation, other than one (1) under a revolving loan account, if the
 27 loan finance charge earned is less than any permitted minimum loan
 28 finance charge ~~(IC 24-4.5-3-201(6) or IC 24-4.5-3-508(7))~~
 29 **(IC 24-4.5-3-201(5))** contracted for, whether or not the consumer loan,
 30 refinancing, or consolidation is precomputed, the lender may collect or
 31 retain the minimum loan finance charge, as if earned, not exceeding the
 32 loan finance charge contracted for.

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

41 (4) In this section:

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



- 1 outstanding on the last day of a computational period before
 2 deducting the payment, if any, scheduled to be made on that day;
 3 (b) "computation period" means one (1) month if one-half (1/2)
 4 or more of the intervals between scheduled payments under the
 5 agreement is one (1) month or more, and otherwise means one (1)
 6 week;
 7 (c) the "interval" to the due date of the first scheduled installment
 8 or the final scheduled payment date is measured from the date of
 9 a loan, refinancing, or consolidation, and includes either the first
 10 or last day of the interval; and
 11 (d) if the interval to the due date of the first scheduled installment
 12 does not exceed one (1) month by more than fifteen (15) days
 13 when the computational period is one (1) month, or eleven (11)
 14 days when the computational period is one (1) week, the interval
 15 shall be considered as one (1) computational period.
 16 (5) This subsection applies only if the schedule of payments is not
 17 regular.
 18 (a) If the computational period is one (1) month and:
 19 (i) if the number of days in the interval to the due date of the
 20 first scheduled installment is less than one (1) month by more
 21 than five (5) days, or more than one (1) month by more than
 22 five (5) but not more than fifteen (15) days, the unearned loan
 23 finance charge shall be increased by an adjustment for each
 24 day by which the interval is less than one (1) month and, at the
 25 option of the lender, may be reduced by an adjustment for each
 26 day by which the interval is more than one (1) month; the
 27 adjustment for each day shall be one-thirtieth (1/30) of that
 28 part of the loan finance charge earned in the computational
 29 period prior to the due date of the first scheduled installment
 30 assuming that period to be one (1) month; and
 31 (ii) if the interval to the final scheduled payment date is a
 32 number of computational periods plus an additional number of
 33 days less than a full month, the additional number of days shall
 34 be considered a computational period only if sixteen (16) days
 35 or more. This subparagraph applies whether or not
 36 subparagraph (i) applies.
 37 (b) Notwithstanding paragraph (a), if the computational period is
 38 one (1) month, the number of days in the interval to the due date
 39 of the first installment exceeds one (1) month by not more than
 40 fifteen (15) days, and the schedule of payments is otherwise
 41 regular, the lender, at the lender's option, may exclude the extra
 42 days and the charge for the extra days in computing the unearned



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

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

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

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

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

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

40 (9) Upon prepayment in full of a consumer loan by the proceeds of
 41 consumer credit insurance (IC 24-4.5-4-103), the debtor or the debtor's
 42 estate shall pay the same loan finance charge or receive the same rebate



1 as though the debtor had prepaid the agreement on the date the
 2 proceeds of the insurance are paid to the lender, but no later than ten
 3 (10) business days after satisfactory proof of loss is furnished to the
 4 lender. This subsection applies whether or not the loan is precomputed.

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

11 SECTION 15. IC 24-4.5-3-501 IS REPEALED [EFFECTIVE JULY
 12 1, 2018]. ~~Sec. 501. Definitions:~~

13 (1) ~~"Supervised loan" means a consumer loan in which the rate of~~
 14 ~~the loan finance charge exceeds twenty-five percent (25%) per year as~~
 15 ~~determined according to the provisions on loan finance charge for~~
 16 ~~consumer loans in section 201 of this chapter.~~

17 (2) ~~"Supervised lender" means a person authorized to make or take~~
 18 ~~assignments of supervised loans.~~

19 SECTION 16. IC 24-4.5-3-502, AS AMENDED BY P.L.153-2016,
 20 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2018]: Sec. 502. (1) A person that is a:

22 (a) depository institution;

23 (b) subsidiary that is owned and controlled by a depository
 24 institution and regulated by a federal banking agency; or

25 (c) credit union service organization;

26 may engage in Indiana in the making of consumer loans (including
 27 small loans that are subject to IC 24-4.5-7 **and unsecured consumer**
 28 **loans that are subject to IC 24-4.5-8)** that are not mortgage
 29 transactions without obtaining a license under this article.

30 (2) A collection agency licensed under IC 25-11-1 may engage in:

31 (a) taking assignments of consumer loans (including small loans
 32 that are subject to IC 24-4.5-7 **and unsecured consumer loans**
 33 **that are subject to IC 24-4.5-8)** that are not mortgage
 34 transactions; and

35 (b) undertaking the direct collection of payments from or the
 36 enforcement of rights against debtors arising from consumer loans
 37 (including small loans that are subject to IC 24-4.5-7 **and**
 38 **unsecured consumer loans that are subject to IC 24-4.5-8)** that
 39 are not mortgage transactions;

40 in Indiana without obtaining a license under this article.

41 (3) A person that does not qualify under subsection (1) or (2) shall
 42 acquire and retain a license under this chapter in order to regularly



1 engage in Indiana in the following actions with respect to consumer
 2 loans that are not small loans (as defined in IC 24-4.5-7-104),
 3 **unsecured consumer loans (as defined in IC 24-4.5-8-109)**, or
 4 mortgage transactions:

5 (a) The making of consumer loans.

6 (b) Taking assignments of consumer loans.

7 (c) Undertaking the direct collection of payments from or the
 8 enforcement of rights against debtors arising from consumer
 9 loans.

10 (4) A separate license under this chapter is required for each legal
 11 entity that engages in Indiana in any activity described in subsection
 12 (3). However, a separate license under this chapter is not required for
 13 each branch of a legal entity licensed under this chapter to perform an
 14 activity described in subsection (3).

15 (5) Except as otherwise provided in subsections (1) and (2), a
 16 separate license under IC 24-4.5-7 is required in order to regularly
 17 engage in Indiana in the following actions with respect to small loans
 18 (as defined in IC 24-4.5-7-104) **or unsecured consumer loans (as**
 19 **defined in IC 24-4.5-8-109):**

20 (a) The making of small loans (as defined in IC 24-4.5-7-104) **or**
 21 **unsecured consumer loans (as defined in IC 24-4.5-8-109).**

22 (b) Taking assignments of small loans (as defined in
 23 IC 24-4.5-7-104) **or unsecured consumer loans (as defined in**
 24 **IC 24-4.5-8-109).**

25 (c) Undertaking the direct collection of payments from or the
 26 enforcement of rights against debtors arising from small loans (as
 27 defined in IC 24-4.5-7-104) **or unsecured consumer loans (as**
 28 **defined in IC 24-4.5-8-109).**

29 A person that seeks licensure under IC 24-4.5-7 in order to regularly
 30 engage in Indiana in the actions set forth in this subsection shall apply
 31 to the department for that license in the form and manner prescribed by
 32 the department, and is subject to the same licensure requirements and
 33 procedures as an applicant for a license to make consumer loans (other
 34 than small loans, **unsecured consumer loans**, or mortgage
 35 transactions) under this section.

36 (6) A CPAP contract must comply with IC 24-12-2.

37 SECTION 17. IC 24-4.5-3-502.2, AS ADDED BY P.L.137-2014,
 38 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2018]: Sec. 502.2. (1) Subject to subsection (6), the director
 40 may designate the NMLSR to serve as the sole entity responsible for:

41 (a) processing applications and renewals for licenses required
 42 under section 502 of this chapter;



1 (b) issuing unique identifiers for licensees and entities exempt
2 from licensing under section 502 of this chapter; and

3 (c) performing other services that the director determines are
4 necessary for the orderly administration of the department's
5 licensing system under section 502 of this chapter.

6 (2) Subject to the confidentiality provisions contained in IC 5-14-3,
7 this section, and IC 28-1-2-30, the director shall regularly report to the
8 NMLSR significant or recurring violations of this article related to
9 consumer loans that are not mortgage transactions, including small
10 loans under IC 24-4.5-7 **and unsecured consumer loans under**
11 **IC 24-4.5-8.**

12 (3) Subject to the confidentiality provisions contained in IC 5-14-3,
13 this section, and IC 28-1-2-30, the director may report to the NMLSR
14 complaints received regarding licensees under section 502 of this
15 chapter in connection with consumer loans that are not mortgage
16 transactions, including small loans under IC 24-4.5-7 **and unsecured**
17 **consumer loans under IC 24-4.5-8.**

18 (4) The director may report to the NMLSR publicly adjudicated
19 licensure actions against licensees under section 502 of this chapter.

20 (5) The director shall establish a process in which persons licensed
21 in accordance with section 502 of this chapter may challenge
22 information reported to the NMLSR by the department.

23 (6) The director's authority to designate the NMLSR under
24 subsection (1) is subject to the following:

25 (a) Information stored in the NMLSR is subject to the
26 confidentiality provisions of IC 28-1-2-30 and IC 5-14-3. A
27 person may not:

28 (i) obtain information from the NMLSR unless the person is
29 authorized to do so by statute;

30 (ii) initiate any civil action based on information obtained
31 from the NMLSR if the information is not otherwise available
32 to the person under any other state law; or

33 (iii) initiate any civil action based on information obtained
34 from the NMLSR if the person could not have initiated the
35 action based on information otherwise available to the person
36 under any other state law.

37 (b) Documents, materials, and other forms of information in the
38 control or possession of the NMLSR that are confidential under
39 IC 28-1-2-30 and that are:

40 (i) furnished by the director, the director's designee, or a
41 licensee; or

42 (ii) otherwise obtained by the NMLSR;



1 are confidential and privileged by law and are not subject to
 2 inspection under IC 5-14-3, subject to subpoena, subject to
 3 discovery, or admissible in evidence in any civil action. However,
 4 the director may use the documents, materials, or other
 5 information available to the director in furtherance of any action
 6 brought in connection with the director's duties under this article.

7 (c) Disclosure of documents, materials, and information:

8 (i) to the director; or

9 (ii) by the director;

10 under this subsection does not result in a waiver of any applicable
 11 privilege or claim of confidentiality with respect to the
 12 documents, materials, or information.

13 (d) Information provided to the NMLSR is subject to IC 4-1-11.

14 (e) This subsection does not limit or impair a person's right to:

15 (i) obtain information;

16 (ii) use information as evidence in a civil action or proceeding;

17 or

18 (iii) use information to initiate a civil action or proceeding;

19 if the information may be obtained from the director or the
 20 director's designee under any law.

21 (f) The requirements under any federal law or IC 5-14-3 regarding
 22 the privacy or confidentiality of any information or material
 23 provided to the NMLSR, and any privilege arising under federal
 24 or state law, including the rules of any federal or state court, with
 25 respect to the information or material, continue to apply to the
 26 information or material after the information or material has been
 27 disclosed to the NMLSR. The information and material may be
 28 shared with all state and federal regulatory officials with financial
 29 services industry oversight authority without the loss of privilege
 30 or the loss of confidentiality protections provided by federal law
 31 or IC 5-14-3.

32 (g) For purposes of this section, the director may enter agreements
 33 or sharing arrangements with other governmental agencies, the
 34 Conference of State Bank Supervisors, or other associations
 35 representing governmental agencies as established by rule or
 36 order of the director.

37 (h) Information or material that is subject to a privilege or
 38 confidentiality under subdivision (f) is not subject to:

39 (i) disclosure under any federal or state law governing the
 40 disclosure to the public of information held by an officer or an
 41 agency of the federal government or the respective state; or

42 (ii) subpoena, discovery, or admission into evidence, in any



- 1 private civil action or administrative process, unless with
 2 respect to any privileged information or material held by the
 3 NMLSR, the person to whom the information or material
 4 pertains waives, in whole or in part, in the discretion of the
 5 person, that privilege.
- 6 (i) Any provision of IC 5-14-3 that concerns the disclosure of:
 7 (i) confidential supervisory information; or
 8 (ii) any information or material described in subdivision (f);
 9 and that is inconsistent with subdivision (f) is superseded by this
 10 section.
- 11 (j) This section does not apply with respect to information or
 12 material that concerns the employment history of, and publicly
 13 adjudicated disciplinary and enforcement actions against, a
 14 person licensed in accordance with section 502 of this chapter and
 15 described in section 503(2) of this chapter and that is included in
 16 the NMLSR for access by the public.
- 17 (k) The director may require a licensee required to submit
 18 information to the NMLSR to pay a processing fee considered
 19 reasonable by the director. In determining whether an NMLSR
 20 processing fee is reasonable, the director shall:
 21 (i) require review of; and
 22 (ii) make available;
 23 the audited financial statements of the NMLSR.
- 24 (7) Notwithstanding any other provision of law, any:
 25 (a) application, renewal, or other form or document that:
 26 (i) relates to licenses issued under section 502 of this chapter;
 27 and
 28 (ii) is made or produced in an electronic format;
 29 (b) document filed as an electronic record in a multistate
 30 automated repository established and operated for the licensing or
 31 registration of financial services entities and their employees; or
 32 (c) electronic record filed through the NMLSR;
 33 is considered a valid original document when reproduced in paper form
 34 by the department.
- 35 SECTION 18. IC 24-4.5-3-508 IS REPEALED [EFFECTIVE JULY
 36 1, 2018]. ~~Sec. 508. Loan Finance Charge for Supervised Loans – (1)~~
 37 ~~With respect to a supervised loan; including a loan pursuant to a~~
 38 ~~revolving loan account; a supervised lender may contract for and~~
 39 ~~receive a loan finance charge not exceeding that permitted by this~~
 40 ~~section.~~
- 41 (2) ~~The loan finance charge, calculated according to the actuarial~~
 42 ~~method; may not exceed the equivalent of the greater of:~~



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



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

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

14 (a) the debtor prepays in full a consumer loan, refinancing, or
 15 consolidation, regardless of whether the loan, refinancing, or
 16 consolidation is precomputed;

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

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

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

21 (c) the loan finance charge earned at the time of prepayment is
 22 less than the minimum loan finance charge contracted for under
 23 this subsection.

24 (8) Except as provided in subsection (7); in addition to the loan
 25 finance charge provided for in this section and to any other charges and
 26 fees permitted by this chapter, the lender may contract for and receive
 27 a nonrefundable prepaid finance charge of not more than fifty dollars
 28 (\$50).

29 (9) The nonrefundable prepaid finance charge provided for in
 30 subsection (8) is not subject to refund or rebate.

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

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

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

42 (11) In the case of a supervised loan that is secured by an interest in



1 land; this section does not prohibit a lender from contracting for and
 2 receiving a fee for preparing deeds, mortgages, reconveyances, and
 3 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):

6 SECTION 19. IC 24-4.5-3-509 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 509. Use of Multiple
 8 Agreements. — With respect to a consumer loan, no lender may permit
 9 any person, or husband and wife, to become obligated in any way under
 10 more than one loan agreement with the lender or with a person related
 11 to the lender, with intent to obtain a higher rate of loan finance charge
 12 than would otherwise be permitted by the provisions on loan finance
 13 charge for supervised consumer loans (~~IC 24-4.5-3-508~~) (**section 201**
 14 **of this chapter**) or to avoid disclosure of an annual percentage rate
 15 pursuant to the provisions on disclosure (Part 3). The excess amount of
 16 loan finance charge provided for in agreements in violation of this
 17 section is an excess charge for the purposes of the provisions on effect
 18 of violations on rights of parties (IC 24-4.5-5-202) and the provisions
 19 on civil actions by the department (IC 24-4.5-6-113).

20 SECTION 20. IC 24-4.5-3-510, AS AMENDED BY P.L.186-2015,
 21 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2018]: Sec. 510. Restrictions on Interest in Land as Security
 23 — ~~(1)~~ With respect to a supervised consumer loan:

24 **(a) with a loan finance charge under section 201(1) of this**
 25 **chapter that exceeds twenty-five percent (25%) per year on**
 26 **the unpaid balances of the principal; and**

27 **(b) in which the principal is four thousand dollars (\$4,000) or**
 28 **less;**

29 a lender may not contract for an interest in land as security. A security
 30 interest taken in violation of this section is void.

31 ~~(2) The amount of four thousand dollars (\$4,000) in subsection (1)~~
 32 ~~is subject to change pursuant to the provisions on adjustment of dollar~~
 33 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
 34 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 35 ~~subsection is the index for October 2012.~~

36 SECTION 21. IC 24-4.5-3-511, AS AMENDED BY P.L.186-2015,
 37 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2018]: Sec. 511. Regular Schedule of Payments; Maximum
 39 Loan Term — ~~(1)~~ **Supervised Consumer** loans not made pursuant to
 40 a revolving loan account, **having a loan finance charge under section**
 41 **201(1) of this chapter that exceeds twenty-five percent (25%) per**
 42 **year on the unpaid balances of the principal, and in which the**



1 principal is four thousand dollars (\$4,000) or less, are payable in a
 2 single instalment or shall be scheduled to be payable in substantially
 3 equal instalments that are payable at equal periodic intervals, except to
 4 the extent that the schedule of payments is adjusted to the seasonal or
 5 irregular income of the debtor, and:

6 (a) over a period of not more than thirty-seven (37) months if the
 7 principal is more than ~~three hundred one thousand one hundred~~
 8 ~~dollars (\$300); (\$1,100), but not more than four thousand~~
 9 ~~dollars (\$4,000); or~~

10 (b) over a period of not more than twenty-five (25) months if the
 11 principal is ~~three hundred one thousand one hundred~~ dollars
 12 ~~(\$300) (\$1,100) or less.~~

13 ~~(2) The amounts of three hundred dollars (\$300) and four thousand~~
 14 ~~dollars (\$4,000) in subsection (1) are subject to change pursuant to the~~
 15 ~~provisions on adjustment of dollar amounts (IC 24-4.5-1-106).~~
 16 ~~However, notwithstanding IC 24-4.5-1-106(1), the Reference Base~~
 17 ~~Index to be used with respect to the amount of:~~

18 ~~(1) three hundred dollars (\$300) is the Index for October 1992;~~
 19 ~~and~~

20 ~~(2) four thousand dollars (\$4,000) is the Index for October 2012.~~

21 SECTION 22. IC 24-4.5-3-513 IS REPEALED [EFFECTIVE JULY
 22 1, 2018]. Sec. 513. Application of Other Provisions — Except as
 23 otherwise provided, all provisions of this Article applying to consumer
 24 loans apply to supervised loans.

25 SECTION 23. IC 24-4.5-3-602, AS AMENDED BY P.L.73-2016,
 26 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2018]: Sec. 602. (1) A "consumer related loan" is a loan in
 28 which the following apply:

29 (a) The loan is made by a person who is not regularly engaged as
 30 a lender in credit transactions of the same kind.

31 (b) The debtor is a person other than an organization.

32 (c) The debt is primarily for a personal, family, or household
 33 purpose.

34 (d) Either the debt is payable in installments or a loan finance
 35 charge is made.

36 (e) Either:

37 (i) the amount of credit extended, the written credit limit, or
 38 the initial advance does not exceed the exempt threshold
 39 amount, as adjusted in accordance with the annual adjustment
 40 of the exempt threshold amount, specified in Regulation Z (12
 41 CFR 226.3 or 12 CFR 1026.3(b), as applicable); or

42 (ii) the debt is secured by an interest in land or by personal



1 property used or expected to be used as the principal dwelling
2 of the debtor.

3 (2) With respect to a consumer related loan, including one made
4 pursuant to a revolving loan account, the parties may contract for the
5 payment by the debtor of a loan finance charge not in excess of that
6 permitted by the provisions on loan finance charge for consumer loans
7 ~~other than supervised loans~~ (IC 24-4.5-3-201).

8 (3) A person engaged in consumer related loans is not required to
9 comply with:

10 (a) the licensing requirements set forth in section 503 of this
11 chapter; or

12 (b) IC 24-4.5-6-201 through IC 24-4.5-6-203.

13 SECTION 24. IC 24-4.5-4-107, AS AMENDED BY P.L.141-2005,
14 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2018]: Sec. 107. Maximum Charge by Creditor for Insurance
16 - (1) Except as provided in subsection (2), if a creditor contracts for or
17 receives a separate charge for insurance, the amount charged to the
18 debtor for the insurance may not exceed the premium to be charged by
19 the insurer, as computed at the time the charge to the debtor is
20 determined, conforming to any rate filings required by law and made
21 by the insurer with the Insurance Commissioner.

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

27 (a) The average daily unpaid balance of the debt in the cycle.

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

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

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

37 SECTION 25. IC 24-4.5-4-301, AS AMENDED BY P.L.137-2014,
38 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2018]: Sec. 301. Property Insurance - (1) A creditor may not
40 contract for or receive a separate charge for insurance against loss of
41 or damage to property unless:

42 (a) the insurance covers a substantial risk of loss of or damage to



1 property related to the credit transaction;

2 (b) the amount, terms, and conditions of the insurance are
3 reasonable in relation to the character and value of the property insured
4 or to be insured; and

5 (c) the term of the insurance is reasonable in relation to the terms of
6 credit.

7 (2) The term of the insurance is reasonable if it is customary and
8 does not extend substantially beyond a scheduled maturity.

9 (3) A creditor may not contract for or receive a separate charge for
10 insurance against loss of or damage to property unless the amount
11 financed or principal exclusive of charges for the insurance is ~~three~~
12 **hundred one thousand** dollars (~~\$300~~) (**\$1,000**) or more, and the value
13 of the property is ~~three hundred one thousand~~ dollars (~~\$300~~) (**\$1,000**)
14 or more.

15 ~~(4) The amounts of three hundred dollars (\$300) in subsection (3)~~
16 ~~are subject to change pursuant to the provisions on adjustment of dollar~~
17 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
18 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
19 ~~subsection is the Index for October 1992.~~

20 SECTION 26. IC 24-4.5-5-103, AS AMENDED BY P.L.186-2015,
21 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2018]: Sec. 103. Restrictions on Deficiency Judgments in
23 Consumer Credit Sales — (1) This section applies to a consumer credit
24 sale of goods or services.

25 (2) If the seller repossesses or voluntarily accepts surrender of goods
26 which were the subject of the sale and in which the seller has a security
27 interest, and the cash price of the goods repossessed or surrendered was
28 four thousand dollars (\$4,000) or less, the buyer is not personally liable
29 to the seller for the unpaid balance of the debt arising from the sale of
30 the goods, and the seller is not obligated to resell the collateral.

31 (3) If the seller repossesses or voluntarily accepts surrender of goods
32 which were not the subject of the sale but in which the seller has a
33 security interest to secure a debt arising from a sale of goods or
34 services or a combined sale of goods and services and the cash price of
35 the sale was four thousand dollars (\$4,000) or less, the buyer is not
36 personally liable to the seller for the unpaid balance of the debt arising
37 from the sale.

38 (4) For the purpose of determining the unpaid balance of
39 consolidated debts or debts pursuant to revolving charge accounts, the
40 allocation of payments to a debt shall be determined in the same
41 manner as provided for determining the amount of debt secured by
42 various security interests (IC 24-4.5-2-409).



1 (5) The buyer may be liable in damages to the seller if the buyer has
 2 wrongfully damaged the collateral or if, after default and demand, the
 3 buyer has wrongfully failed to make the collateral available to the
 4 seller.

5 (6) If the seller elects to bring an action against the buyer for a debt
 6 arising from a consumer credit sale of goods or services, and under this
 7 section the seller would not be entitled to a deficiency judgment if the
 8 seller repossessed the collateral, and the seller obtains a judgment:

9 (a) the seller may not repossess the collateral; and

10 (b) the collateral is not subject to levy or sale on execution or
 11 similar proceedings pursuant to the judgment.

12 ~~(7) The amounts of four thousand dollars (\$4,000) in subsections (2)~~
 13 ~~and (3) are subject to change pursuant to the provisions on adjustment~~
 14 ~~of dollar amounts (IC 24-4.5-1-106). However, notwithstanding~~
 15 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
 16 ~~subsection is the Index for October 2012.~~

17 SECTION 27. IC 24-4.5-5-202 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 202. Effect of
 19 Violations on Rights of Parties — (1) If a creditor has violated the
 20 provision of this article applying to limitations on the schedule of
 21 payments or loan term for ~~supervised loans~~ **a consumer loan with a**
 22 **loan finance charge under section 201(1) of this chapter that**
 23 **exceeds twenty-five percent (25%) per year on the unpaid balances**
 24 **of the principal** (IC 24-4.5-3-511), the debtor is not obligated to pay
 25 the loan finance charge, and has a right to recover from the person
 26 violating this article or from an assignee of that person's rights who
 27 undertakes direct collection of payments or enforcement of rights
 28 arising from the debt a penalty in an amount determined by the court
 29 not in excess of three times the amount of the loan finance charge. No
 30 action pursuant to this subsection may be brought more than one (1)
 31 year after the due date of the last scheduled payment of the agreement
 32 with respect to which the violation occurred.

33 (2) If a creditor has violated the provisions of this article applying
 34 to authority to make consumer loans (IC 24-4.5-3-502), the loan is void
 35 and the debtor is not obligated to pay either the principal or loan
 36 finance charge. If the debtor has paid any part of the principal or of the
 37 loan finance charge, the debtor has a right to recover the payment from
 38 the person violating this article or from an assignee of that person's
 39 rights who undertakes direct collection of payments or enforcement of
 40 rights arising from the debt. With respect to violations arising from
 41 loans made pursuant to revolving loan accounts, no action pursuant to
 42 this subsection may be brought more than two (2) years after the



1 violation occurred. With respect to violations arising from other loans,
2 no action pursuant to this subsection may be brought more than one (1)
3 year after the due date of the last scheduled payment of the agreement
4 pursuant to which the charge was paid.

5 (3) A debtor is not obligated to pay a charge in excess of that
6 allowed by this article, and if the debtor has paid an excess charge the
7 debtor has a right to a refund. A refund may be made by reducing the
8 debtor's obligation by the amount of the excess charge. If the debtor has
9 paid an amount in excess of the lawful obligation under the agreement,
10 the debtor may recover the excess amount from the person who made
11 the excess charge or from an assignee of that person's rights who
12 undertakes direct collection of payments from or enforcement of rights
13 against debtors arising from the debt.

14 (4) If a debtor is entitled to a refund and a person liable to the debtor
15 refuses to make a refund within a reasonable time after demand, the
16 debtor may recover from that person a penalty in an amount determined
17 by a court not exceeding the greater of either the amount of the credit
18 service or loan finance charge or ten (10) times the amount of the
19 excess charge. If the creditor has made an excess charge in deliberate
20 violation of or in reckless disregard for this article, the penalty may be
21 recovered even though the creditor has refunded the excess charge. No
22 penalty pursuant to this subsection may be recovered if a court has
23 ordered a similar penalty assessed against the same person in a civil
24 action by the department (IC 24-4.5-6-113). With respect to excess
25 charges arising from sales made pursuant to revolving charge accounts
26 or from loans made pursuant to revolving loan accounts, no action
27 pursuant to this subsection may be brought more than two (2) years
28 after the time the excess charge was made. With respect to excess
29 charges arising from other consumer credit sales or consumer loans, no
30 action pursuant to this subsection may be brought more than one (1)
31 year after the due date of the last scheduled payment of the agreement
32 pursuant to which the charge was made.

33 (5) Except as otherwise provided, no violation of this article impairs
34 rights on a debt.

35 (6) If an employer discharges an employee in violation of the
36 provisions prohibiting discharge (IC 24-4.5-5-106), the employee may
37 within six (6) months bring a civil action for recovery of wages lost as
38 a result of the violation and for an order requiring the reinstatement of
39 the employee. Damages recoverable shall not exceed lost wages for six
40 (6) weeks.

41 (7) If the creditor establishes by a preponderance of evidence that
42 a violation is unintentional or the result of a bona fide error, no liability



1 is imposed under subsections (1), (2), and (4) and the validity of the
2 transaction is not affected.

3 (8) In any case in which it is found that a creditor has violated this
4 article, the court may award reasonable attorney's fees incurred by the
5 debtor.

6 (9) The department may act on behalf of a debtor to enforce the
7 debtor's rights under this section against a creditor who is licensed or
8 registered with the department or is required to be licensed or
9 registered with the department.

10 SECTION 28. IC 24-4.5-6-107, AS AMENDED BY P.L.137-2014,
11 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2018]: Sec. 107. (1) Except as otherwise provided,
13 IC 4-21.5-3 governs all agency action taken by the department under
14 this chapter or IC 24-4.5-3-501 (**before its repeal**) through
15 IC 24-4.5-3-513 (**before its repeal**). All proceedings for administrative
16 review under IC 4-21.5-3 or judicial review under IC 4-21.5-5 shall be
17 held in Marion County. The provisions of IC 4-22-2 prescribing
18 procedures for the adoption of rules by agencies apply to the adoption
19 of rules by the department of financial institutions under this article.
20 However, if the department declares an emergency in the document
21 containing the rule, the department may adopt rules permitted by this
22 chapter under IC 4-22-2-37.1.

23 (2) A rule under subsection (1) adopted under IC 4-22-2-37.1
24 expires on the date the department next adopts a rule under the statute
25 authorizing or requiring the rule.

26 SECTION 29. IC 24-4.5-7-102, AS AMENDED BY P.L.186-2015,
27 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2018]: Sec. 102. (1) Except as otherwise provided, all
29 provisions of this article applying to consumer loans, including
30 IC 24-4.5-3-502.2, apply to:

- 31 (a) small loans (as defined in **section 104** of this chapter); **and**
32 (b) **unsecured consumer loans (as defined in IC 24-4.5-8-109).**

33 (2) Subject to subsection (7), a person may not regularly engage in
34 Indiana in any of the following actions unless the department first
35 issues to the person a license under this chapter:

- 36 (a) The making of:
37 (i) small loans **under this chapter; or**
38 (ii) **unsecured consumer loans under IC 24-4.5-8.**
39 (b) Taking assignments of:
40 (i) small loans **under this chapter; or**
41 (ii) **unsecured consumer loans under IC 24-4.5-8.**
42 (c) Undertaking the direct collection of payments from or the



1 enforcement of rights against debtors arising from:

2 (i) small loans **under this chapter; or**

3 (ii) **unsecured consumer loans under IC 24-4.5-8.**

4 (3) Subject to subsection (4), a person that seeks licensure under
5 this chapter:

6 (a) shall apply to the department for a license in the form and
7 manner prescribed by the department; and

8 (b) is subject to the same licensure requirements and procedures
9 as an applicant for a license to make consumer loans (other than
10 mortgage transactions) under IC 24-4.5-3-502.

11 (4) A person that seeks to make, take assignments of, or undertake
12 the direct collection of payments from or the enforcement of rights
13 against debtors arising from both:

14 (a) small loans under this chapter **or unsecured consumer loans**
15 **under IC 24-4.5-8; and**

16 (b) consumer loans (other than mortgage transactions) that are not
17 small loans **or unsecured consumer loans under IC 24-4.5-8;**
18 must obtain a separate license from the department for **each type of**
19 **loan; loans described in subdivision (a) and for loans described in**
20 **subdivision (b)** as described in IC 24-4.5-3-502(5).

21 (5) This chapter applies to:

22 (a) a lender or to any person who facilitates, enables, or acts as a
23 conduit for any person who is or may be exempt from licensing
24 under IC 24-4.5-3-502;

25 (b) a bank, savings association, credit union, or other state or
26 federally regulated financial institution except those that are
27 specifically exempt regarding limitations on interest rates and
28 fees; or

29 (c) a person, if the department determines that a transaction is:

30 (i) in substance a disguised loan; or

31 (ii) the application of subterfuge for the purpose of avoiding
32 this chapter **or IC 24-4.5-8.**

33 (6) A loan that:

34 (a) does not qualify as a small loan under section 104 of this
35 chapter;

36 (b) is for a term shorter than that specified in section 401(1) of
37 this chapter; or

38 (c) is made in violation of section 201, 401, 402, 404, or 410 of
39 this chapter;

40 is subject to this article. The department may conform the finance
41 charge for a loan described in this subsection to the limitations set forth
42 in ~~IC 24-4.5-3-508.~~ **IC 24-4.5-3-201.**



1 (7) A loan that:

2 (a) does not qualify as an unsecured consumer loan under
3 IC 24-4.5-8-109;

4 (b) is for a term shorter than that specified in
5 IC 24-4.5-8-401(1)(a); or

6 (c) is made in violation of IC 24-4.5-8-201, IC 24-4.5-8-401,
7 IC 24-4.5-8-402, IC 24-4.5-8-404, or IC 24-4.5-8-408;

8 is subject to this article. The department may conform the finance
9 charge for a loan described in this subsection to the limitations set
10 forth in IC 24-4.5-3-201.

11 ~~(7)~~ (8) Notwithstanding IC 24-4.5-1-301.5, for purposes of
12 subsection (2), a person "regularly engages" in any of the activities
13 described in subsection (2) with respect to a small loan **or an**
14 **unsecured consumer loan under IC 24-4.5-8** if the person:

15 (a) performed any of the activities described in subsection (2)
16 with respect to a small loan **or an unsecured consumer loan**
17 **under IC 24-4.5-8** at least one (1) time in the preceding calendar
18 year; or

19 (b) performs or will perform any of the activities described in
20 subsection (2) with respect to a small loan **or an unsecured**
21 **consumer loan under IC 24-4.5-8** at least one (1) time in the
22 current calendar year if the person did not perform any of the
23 activities described in subsection (2) with respect to a small loan
24 **or an unsecured consumer loan under IC 24-4.5-8** at least one
25 (1) time in the preceding calendar year.

26 SECTION 30. IC 24-4.5-7-103.5 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2018]: **Sec. 103.5. (1) The dollar amounts in**
29 **this chapter designated as subject to change shall change, as**
30 **provided in this section, according to the Consumer Price Index for**
31 **Urban Wage Earners and Clerical Workers: U.S. City Average, All**
32 **Items, 1957-59 equals 100, compiled by Bureau of Labor Statistics,**
33 **United States Department of Labor, and referred to in this section**
34 **as the Index. The Index for October 1971 is the Reference Base**
35 **Index.**

36 (2) The dollar amounts shall change on July 1 of each
37 even-numbered year if the percentage of change, calculated to the
38 nearest whole percentage point, between the Index at the end of the
39 preceding year and the Reference Base Index is ten percent (10%)
40 or more, except that:

41 (a) the portion of the percentage change in the Index in excess
42 of a multiple of ten percent (10%) shall be disregarded and



1 the dollar amounts shall change only in multiples of ten
2 percent (10%) of the amounts on March 5, 1971;

3 (b) the dollar amounts shall not change if the amounts
4 required by this section are those currently in effect pursuant
5 to this article as a result of earlier application of the section;
6 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
10 of change shall be calculated on the basis of the revised Index. If
11 the revision of the Index changes the Reference Base Index, a
12 revised Reference Base Index shall be determined by multiplying
13 the Reference Base Index by the ratio of the revised Index to the
14 current Index, as each was for the first month in which the revised
15 Index is available. If the Index is superseded, the Index is the one
16 represented by the Bureau of Labor Statistics as reflecting most
17 accurately changes in the purchasing power of the dollar for
18 consumers.

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

21 (a) on or before April 30 of each year in which dollar amounts
22 are to change, the changes in dollar amounts required by
23 subsection (2); and

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

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

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

37 SECTION 31. IC 24-4.5-7-104, AS AMENDED BY P.L.216-2013,
38 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2018]: Sec. 104. (1) "Small loan" means a loan:

40 (a) with a principal loan amount that is at least fifty dollars (\$50)
41 and not more than five hundred fifty dollars (\$550); and

42 (b) in which the lender holds the borrower's check for a specific



1 period, or receives the borrower's written authorization to debit
 2 the borrower's account (other than as a result of default) under an
 3 agreement, either express or implied, for a specific period, before
 4 the lender:

5 (i) offers the check for deposit or presentment; or

6 (ii) exercises the authorization to debit the borrower's account.

7 (2) The amount of five hundred fifty dollars (\$550) in subsection
 8 (1)(a) is subject to change under the provisions on adjustment of dollar
 9 amounts (~~IC 24-4.5-1-106~~); **set forth in section 103.5 of this chapter**.
 10 However, notwithstanding ~~IC 24-4.5-1-106(1)~~; **section 103.5(1) of this**
 11 **chapter**, the Reference Base Index to be used under this subsection is
 12 the Index for October 2006.

13 SECTION 32. IC 24-4.5-7-111, AS AMENDED BY P.L.186-2015,
 14 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2018]: Sec. 111. "Lender" means a person that acquires and
 16 retains a license issued by the department of financial institutions under
 17 this chapter to engage in:

18 (a) small loans **under this chapter; and**

19 (b) **unsecured consumer loans under IC 24-4.5-8.**

20 SECTION 33. IC 24-4.5-7-201, AS AMENDED BY P.L.217-2007,
 21 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2018]: Sec. 201. (1) Finance charges on the first two hundred
 23 fifty dollars (\$250) of a small loan are limited to fifteen percent (15%)
 24 of the principal.

25 (2) Finance charges on the amount of a small loan greater than two
 26 hundred fifty dollars (\$250) and less than or equal to four hundred
 27 dollars (\$400) are limited to thirteen percent (13%) of the amount over
 28 two hundred fifty dollars (\$250) and less than or equal to four hundred
 29 dollars (\$400).

30 (3) Finance charges on the amount of the small loan greater than
 31 four hundred dollars (\$400) and less than or equal to five hundred fifty
 32 dollars (\$550) are limited to ten percent (10%) of the amount over four
 33 hundred dollars (\$400) and less than or equal to five hundred fifty
 34 dollars (\$550).

35 (4) The amount of five hundred fifty dollars (\$550) in subsection (3)
 36 is subject to change under the provisions on adjustment of dollar
 37 amounts (~~IC 24-4.5-1-106~~); **set forth in section 103.5 of this chapter**.
 38 However, notwithstanding ~~IC 24-4.5-1-106(1)~~; **section 103.5(1) of this**
 39 **chapter**, the Reference Base Index to be used under this subsection is
 40 the Index for October 2006.

41 SECTION 34. IC 24-4.5-7-301, AS AMENDED BY P.L.159-2017,
 42 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2018]: Sec. 301. (1) For purposes of this section, the lender
 2 shall disclose to the borrower to whom credit is extended with respect
 3 to a small loan the information required by the Consumer Credit
 4 Protection Act (15 U.S.C. 1601 et seq.).

5 (2) In addition to the requirements of subsection (1), the lender must
 6 conspicuously display in bold type a notice to the public both in the
 7 lending area of each business location and in the loan documents the
 8 following statement:

9 "WARNING: A small loan is not intended to meet long term
 10 financial needs. A small loan should be used only to meet short
 11 term cash needs. The cost of your small loan may be higher than
 12 loans offered by other lending institutions. Small loans are
 13 regulated by the State of Indiana Department of Financial
 14 Institutions.

15 A borrower may rescind a small loan without cost by paying the
 16 cash amount of the principal of the small loan to the lender not
 17 later than the end of the business day immediately following the
 18 day on which the small loan was made."

19 (3) The statement required in subsection (2) must be in:

- 20 (a) 14 point bold face type in the loan documents; and
 21 (b) not less than one (1) inch bold print in the lending area of the
 22 business location.

23 (4) When a borrower enters into a small loan, the lender shall
 24 provide the borrower with a pamphlet approved by the department that
 25 describes:

- 26 (a) the availability of debt management and credit counseling
 27 services; ~~and~~
 28 (b) the borrower's rights and responsibilities in the transaction;
 29 **(c) the availability of the 211 telephone dialing code for access**
 30 **to human services information and referrals, including**
 31 **information on and referrals to governmental or nonprofit**
 32 **organizations that assist persons in paying for housing costs,**
 33 **utility bills, and food; and**
 34 **(d) the financial literacy course required under section 401(6)**
 35 **of this chapter after June 30, 2020, for borrowers who have**
 36 **taken out a total of more than three (3) loans made under**
 37 **either this chapter or IC 24-4.5-8 in any twenty-four (24)**
 38 **month period, including contact information for the**
 39 **department.**

40 (5) For each small loan made under this chapter, the lender
 41 shall remit to the director a fee in the amount of five dollars (\$5)
 42 for use by the director in developing and promoting financial



1 **literacy programs, including the financial literacy course described**
 2 **in subsection (4)(d), for Indiana consumers. A lender may not pass**
 3 **the fee required by this subsection onto borrowers by imposing an**
 4 **additional charge in connection with any small loan, or through a**
 5 **finance charge authorized under section 201 of this chapter.**

6 SECTION 35. IC 24-4.5-7-401, AS AMENDED BY P.L. 186-2015,
 7 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2018]: Sec. 401. (1) A small loan may not be made for a term
 9 of less than fourteen (14) days.

10 (2) If five (5) consecutive small loans have been made to a borrower
 11 after the borrower's initial small loan, another small loan may not be
 12 made to that borrower within seven (7) days after the fifth consecutive
 13 small loan is paid in full. After the borrower's fifth consecutive small
 14 loan, the balance must be paid in full.

15 (3) Subject to subsection (4), whenever a borrower has entered into
 16 an initial small loan followed by three (3) consecutive small loans, the
 17 lender shall offer the borrower the option to repay:

18 (a) the third consecutive small loan; and

19 (b) subject to subsection (2), any small loan entered into after the
 20 third consecutive small loan;

21 under an extended payment plan. At the time of execution of a small
 22 loan described in subdivision (a) or (b), the lender shall disclose to the
 23 borrower the extended payment plan option by providing the borrower
 24 a written description of the extended payment plan option in a separate
 25 disclosure document approved by the director.

26 (4) A lender shall offer an extended payment plan under subsection
 27 (3) under the following terms and conditions:

28 (a) A borrower shall be permitted to request an extended payment
 29 plan at any time during the term of a third or subsequent
 30 consecutive small loan if the borrower has not defaulted on the
 31 outstanding small loan.

32 (b) An extended payment plan must allow the outstanding small
 33 loan to be paid in at least four (4) equal installments over a period
 34 of not less than sixty (60) days.

35 (c) An agreement for an extended payment plan may not require
 36 a borrower to pay any amount before the original maturity date of
 37 the outstanding small loan.

38 (d) The lender may not assess any fee or charge on a borrower for
 39 entering into an extended payment plan.

40 (e) An agreement for an extended payment plan must be in
 41 writing and acknowledged by both the borrower and the lender.

42 (f) A borrower may not enter into another small loan transaction



1 while engaged in an extended payment plan.

2 (g) A lender may not compel or require a borrower to pay off an
3 outstanding small loan that is eligible for an extended payment
4 plan and to subsequently enter into a new small loan with the
5 lender if the borrower and lender have not entered into an
6 extended payment plan with respect to the eligible outstanding
7 small loan.

8 (5) An agreement for an extended payment plan under subsection
9 (3):

10 (a) shall be considered an extension of the outstanding small loan;

11 and

12 (b) may not be considered a new loan.

13 **(6) After June 30, 2020, a borrower who takes out a total of**
14 **more than three (3) loans made under either this chapter or**
15 **IC 24-4.5-8 in any twenty-four (24) month period must take a**
16 **financial literacy course approved by the department. If a lender**
17 **determines through:**

18 **(a) a borrower's loan application; or**

19 **(b) a commercially reasonable method of verification**
20 **described in section 404(4) of this chapter;**

21 **that a borrower has taken out a total of more than three (3) loans**
22 **under either this chapter or IC 24-4.5-8 in any twenty-four (24)**
23 **month period, the lender shall forward to the department the**
24 **borrower's name and contact information. Upon receiving**
25 **information about a borrower under this subsection, the**
26 **department shall contact the borrower with information about**
27 **course enrollment. The financial literacy course described in this**
28 **subsection must be available at no cost to the borrower and may be**
29 **funded, in whole or in part, by the fee described in section 301(5)**
30 **of this chapter, by the fee described in IC 24-4.5-8-301(5), or by**
31 **any other funds available to the department for that purpose.**

32 SECTION 36. IC 24-4.5-7-402, AS AMENDED BY P.L.27-2012,
33 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2018]: Sec. 402. (1) A lender is prohibited from making a
35 small loan to a borrower if the total of:

36 (a) the principal amount and finance charges of the small loan to
37 be issued; plus

38 (b) any other small loan balances that the borrower has
39 outstanding with any lender;

40 exceeds twenty percent (20%) of the borrower's monthly gross income.

41 (2) ~~A small loan may be secured by only~~ **lender shall not require**
42 **a borrower to provide more than one (1):**



1 (a) check; or
 2 (b) authorization to debit the borrower's account;
 3 per small loan. The check or electronic debit may not exceed the
 4 amount advanced to or on behalf of the borrower plus loan finance
 5 charges contracted for and permitted.

6 (3) A borrower may make partial payments in any amount on the
 7 small loan without charge at any time before the due date of the small
 8 loan.

9 (4) After any payment is made on a small loan, whether the payment
 10 is made in part or in full before, on, or after the due date of the small
 11 loan, the lender shall give a signed and dated receipt to the borrower
 12 making a payment showing the amount paid and the balance due on the
 13 small loan.

14 (5) The lender shall provide to each borrower a copy of the required
 15 loan documents before the disbursement of the loan proceeds.

16 (6) A borrower may rescind a small loan without cost by paying the
 17 cash amount of the principal of the small loan to the lender not later
 18 than the end of the business day immediately following the day on
 19 which the small loan was made.

20 (7) A lender shall not enter into a renewal with a borrower. If a loan
 21 is paid in full, a subsequent loan is not a renewal.

22 SECTION 37. IC 24-4.5-7-404, AS AMENDED BY P.L.35-2010,
 23 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2018]: Sec. 404. (1) As used in this section, "commercially
 25 reasonable method of verification" means a private consumer credit
 26 reporting service that the department determines to be capable of
 27 providing a lender with adequate verification information necessary to
 28 ensure compliance with subsection (4).

29 (2) With respect to a small loan, no lender may permit a person to
 30 become obligated under more than one (1) loan agreement, **including**
 31 **an agreement for an unsecured consumer loan under IC 24-4.5-8,**
 32 with the lender at any time.

33 (3) A lender shall not make a small loan that, when combined with
 34 the outstanding balance on another outstanding small loan owed to
 35 another lender, exceeds a total of five hundred fifty dollars (\$550),
 36 excluding finance charges. A lender shall not make a small loan to a
 37 borrower who has:

38 (1) two (2) or more small loans outstanding, regardless of the total
 39 value of the small loans; **or**

40 (2) **one (1) or more unsecured consumer loans under**
 41 **IC 24-4.5-8 outstanding, regardless of the total value of the**
 42 **unsecured consumer loans.**



1 The amount of five hundred fifty dollars (\$550) in this subsection is
 2 subject to change under the provisions on adjustment of dollar amounts
 3 (~~IC 24-4.5-1-106~~). **set forth in section 103.5 of this chapter.**
 4 However, notwithstanding ~~IC 24-4.5-1-106(1)~~, **section 103.5(1) of this**
 5 **chapter**, the Reference Base Index to be used under this subsection is
 6 the Index for October 2006.

7 (4) A lender complies with subsection (3) if the lender
 8 independently verifies the total number of outstanding small loans, **the**
 9 **total number of outstanding unsecured consumer loans under**
 10 **IC 24-4.5-8**, and the total outstanding balance of those small loans **and**
 11 **unsecured consumer loans** for a customer through a commercially
 12 reasonable method of verification. A lender's method of verifying
 13 whether a borrower has any outstanding small loans, **unsecured**
 14 **consumer loans**, and the total outstanding balance of any loans will be
 15 considered commercially reasonable if the method includes a manual
 16 investigation or an electronic query of:

17 (a) the lender's own records, including both records maintained at
 18 the location where the borrower is applying for the transaction
 19 and records maintained at other locations within the state that are
 20 owned and operated by the lender; and

21 (b) an available third party data base provided by a private
 22 consumer reporting service, subject to the identification
 23 verification requirements set forth in subsection (12).

24 (5) The department shall monitor the effectiveness of private
 25 consumer credit reporting services in providing the verification
 26 information required under subsection (4). If the department
 27 determines that a commercially reasonable method of verification is
 28 available, the department shall:

29 (a) provide reasonable notice to all lenders identifying the
 30 commercially reasonable method of verification that is available;
 31 and

32 (b) require each lender to use, consistent with the policies of the
 33 department, the identified commercially reasonable method of
 34 verification as a means of complying with subsection (4).

35 (6) If a borrower presents evidence to a lender that a loan has been
 36 discharged in bankruptcy, the lender shall cause the record of the
 37 borrower's loan to be updated in the data base described in subsection
 38 (4)(b) to reflect the bankruptcy discharge.

39 (7) A lender shall cause the record of a borrower's loan to be
 40 updated in the data base described in subsection (4)(b) to reflect:

41 (a) presentment of the borrower's check for payment; or

42 (b) exercise of the borrower's authorization to debit the borrower's



- 1 account.
- 2 If a check is returned or an authorization is dishonored because of
- 3 insufficient funds in the borrower's account, the lender shall reenter the
- 4 record of the loan in the data base.
- 5 (8) A lender shall update information in a data base described in
- 6 subsection (4)(b) to reflect partial payments made on an outstanding
- 7 loan, the record of which is maintained in the data base.
- 8 (9) If a lender ceases doing business in Indiana, the director may
- 9 require the operator of the data base described in subsection (4)(b) to
- 10 remove records of the lender's loans from the operator's data base.
- 11 (10) The director may impose a civil penalty not to exceed one
- 12 hundred dollars (\$100) for each violation of:
- 13 (a) this section; or
- 14 (b) any rule or policy adopted by the director to implement this
- 15 section.
- 16 (11) The excess amount of loan finance charge provided for in
- 17 agreements in violation of this section is an excess charge for purposes
- 18 of the provisions concerning effect of violations on rights of parties
- 19 (IC 24-4.5-5-202) and the provisions concerning civil actions by the
- 20 department (IC 24-4.5-6-113).
- 21 (12) If a borrower provides the borrower's Social Security number
- 22 to a lender in connection with any transaction or proposed transaction
- 23 under this chapter, the lender shall:
- 24 (a) maintain procedures to verify that the Social Security number
- 25 provided is legitimate and belongs to the borrower; and
- 26 (b) retain copies of any documents used to verify the borrower's
- 27 Social Security number. Documentation under this subdivision
- 28 may be in electronic form and the numbers may be truncated.
- 29 If a borrower does not have a Social Security number, the lender may
- 30 require and accept another valid form of government issued
- 31 identification, subject to the requirements of subdivisions (a) and (b)
- 32 with respect to the government issued identification accepted.
- 33 SECTION 38. IC 24-4.5-7-411 IS AMENDED TO READ AS
- 34 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 411. Finance charges
- 35 made in compliance with this chapter are exempt from ~~IC 24-4.5-3-508~~
- 36 **IC 24-4.5-3-201** and IC 35-45-7.
- 37 SECTION 39. IC 24-4.5-8 IS ADDED TO THE INDIANA CODE
- 38 AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE
- 39 JULY 1, 2018]:
- 40 **Chapter 8. Unsecured Consumer Loans**
- 41 **Sec. 101. The following definitions apply to this chapter:**
- 42 **"Check" Section 8-102**



- 1 **"Consecutive unsecured consumer Section 8-103**
 2 **loan"**
- 3 **"Lender" Section 8-104**
- 4 **"Monthly gross income" Section 8-105**
- 5 **"Paid in full" Section 8-106**
- 6 **"Principal" Section 8-107**
- 7 **"Renewal" Section 8-108**
- 8 **"Unsecured consumer loan" Section 8-109**
- 9 **Sec. 102. "Check" has the meaning set forth in IC 26-1-3.1-104.**
- 10 **Sec. 103. "Consecutive unsecured consumer loan" means a new**
 11 **unsecured consumer loan agreement that a lender enters with the**
 12 **same borrower not later than seven (7) calendar days after a**
 13 **previous unsecured consumer loan made to that borrower is paid**
 14 **in full.**
- 15 **Sec. 104. "Lender" means a person that acquires and retains a**
 16 **license issued by the department of financial institutions under**
 17 **IC 24-4.5-7 to engage in:**
- 18 **(a) small loans under IC 24-4.5-7; and**
 19 **(b) unsecured consumer loans under this chapter.**
- 20 **Sec. 105. "Monthly gross income" means the income received by**
 21 **the borrower in the thirty (30) day period preceding the**
 22 **borrower's application for an unsecured consumer loan under this**
 23 **chapter and exclusive of any income other than regular gross pay**
 24 **received, or as otherwise determined by the department.**
- 25 **Sec. 106. "Paid in full" means the termination of an unsecured**
 26 **consumer loan through:**
- 27 **(a) the presentment of the borrower's check for payment by**
 28 **the drawee bank or the exercise by the lender of an**
 29 **authorization to debit an account of the borrower; or**
 30 **(b) the return of a check to a borrower who redeems it for**
 31 **consideration.**
- 32 **Sec. 107. "Principal" means the total of:**
- 33 **(a) the net amount paid to, receivable by, or paid or payable**
 34 **from the account of the borrower; and**
 35 **(b) to the extent that the payment is deferred, the additional**
 36 **charges permitted by this chapter that are not included in**
 37 **subdivision (a).**
- 38 **Sec. 108. "Renewal" refers to an unsecured consumer loan that**
 39 **takes the place of an existing unsecured consumer loan by:**
- 40 **(a) renewing;**
 41 **(b) repaying;**
 42 **(c) refinancing; or**



1 (d) consolidating;
2 an unsecured consumer loan with the proceeds of another
3 unsecured consumer loan made to the same borrower by a lender.

4 **Sec. 109. (1) "Unsecured consumer loan" means a loan:**

5 (a) with a principal loan amount that is more than five
6 hundred fifty dollars (\$550) and not more than one thousand
7 five hundred dollars (\$1,500);

8 (b) in which the lender holds one (1) or more checks of the
9 borrower for a specific period, or receives the borrower's
10 written authorization to debit the borrower's account (other
11 than as a result of default) on one (1) or more occasions under
12 an agreement, either express or implied, for a specific period,
13 before the lender:

14 (i) offers one (1) or more checks of the borrower for
15 deposit or presentment; or

16 (ii) exercises an authorization to debit the borrower's
17 account; and

18 (c) in which:

19 (i) a check of the borrower; or

20 (ii) an authorization to debit the borrower's account;

21 described in subdivision (b) does not constitute security for
22 the loan.

23 (2) The amount of one thousand five hundred dollars (\$1,500) in
24 subsection (1)(a) is subject to change under the provisions on
25 adjustment of dollar amounts set forth in IC 24-4.5-7-103.5.
26 However, notwithstanding IC 24-4.5-7-103.5(1), the Reference Base
27 Index to be used under this subsection is the Index for October
28 2006.

29 **Sec. 110. A lender is not considered a financial institution,**
30 **except for purposes of IC 28-1.**

31 **Sec. 201. (1) Finance charges on an unsecured consumer loan**
32 **are limited to:**

33 (a) twenty percent (20%) of the principal on the first five
34 hundred fifty dollars (\$550) of an unsecured consumer loan;
35 plus

36 (b) seven and one-half percent (7 1/2%) of any amount of the
37 principal that exceeds five hundred fifty dollars (\$550).

38 A finance charge is considered fully earned as of the date of the
39 transaction and is not refundable or subject to proration in the
40 event of prepayment of the unsecured consumer loan.

41 (2) In addition to a finance charge under subsection (1), a lender
42 may also charge the following:



1 **(a) An interest rate not to exceed forty-five percent (45%) per**
 2 **annum for each unsecured consumer loan made under this**
 3 **chapter. If an unsecured consumer loan is prepaid before the**
 4 **maturity of the loan term, the lender shall refund to the**
 5 **borrower a prorated portion of the interest based upon the**
 6 **ratio that the time left in the loan term before maturity bears**
 7 **to the total loan term.**

8 **(b) For each unsecured consumer loan made under this**
 9 **chapter, a monthly maintenance fee not to exceed seven**
 10 **dollars and fifty cents (\$7.50) per one hundred dollars (\$100)**
 11 **in outstanding principal.**

12 **(3) A lender may charge only those charges authorized in this**
 13 **chapter in connection with an unsecured consumer loan.**

14 **Sec. 202. (1) Notwithstanding any other law, the only fee that**
 15 **may be contracted for and received by the lender or an assignee on**
 16 **an unsecured consumer loan is a charge, not to exceed twenty-five**
 17 **dollars (\$25), for each:**

18 **(a) return by a bank or other depository institution of a**
 19 **dishonored:**

20 **(i) check;**

21 **(ii) negotiable order of withdrawal; or**

22 **(iii) share draft;**

23 **issued by the borrower; or**

24 **(b) time an authorization to debit the borrower's account is**
 25 **dishonored.**

26 **This additional charge may be assessed one (1) time regardless of**
 27 **how many times a check or an authorization to debit the**
 28 **borrower's account may be submitted by the lender and**
 29 **dishonored.**

30 **(2) A lender may not do either of the following more than three**
 31 **(3) times per installment due:**

32 **(a) Present a borrower's check for payment.**

33 **(b) Exercise a borrower's authorization to debit the**
 34 **borrower's account.**

35 **Sec. 301. (1) For purposes of this section, the lender shall**
 36 **disclose to the borrower to whom credit is extended with respect to**
 37 **an unsecured consumer loan the information required by the**
 38 **Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).**

39 **(2) In addition to the requirements of subsection (1), the lender**
 40 **must conspicuously display in bold type a notice to the public both**
 41 **in the lending area of each business location and in the loan**
 42 **documents the following statement:**



1 **"WARNING: An unsecured consumer loan is not intended to**
 2 **meet long term financial needs. An unsecured consumer loan**
 3 **should be used only to meet short term cash needs. The cost of**
 4 **your unsecured consumer loan may be higher than loans**
 5 **offered by other lending institutions. Unsecured consumer**
 6 **loans are regulated by the State of Indiana Department of**
 7 **Financial Institutions.**

8 **A borrower may rescind an unsecured consumer loan without**
 9 **cost by paying the cash amount of the principal of the**
 10 **unsecured consumer loan to the lender not later than the end**
 11 **of the business day immediately following the day on which**
 12 **the unsecured consumer loan was made."**

13 **(3) The statement required in subsection (2) must be in:**

14 **(a) 14 point bold face type in the loan documents; and**

15 **(b) not less than one (1) inch bold print in the lending area of**
 16 **the business location.**

17 **(4) When a borrower enters into an unsecured consumer loan,**
 18 **the lender shall provide the borrower with a pamphlet approved**
 19 **by the department that describes:**

20 **(a) the availability of debt management and credit counseling**
 21 **services;**

22 **(b) the borrower's rights and responsibilities in the**
 23 **transaction;**

24 **(c) the availability of the 211 telephone dialing code for access**
 25 **to human services information and referrals, including**
 26 **information on and referrals to governmental or nonprofit**
 27 **organizations that assist persons in paying for housing costs,**
 28 **utility bills, and food; and**

29 **(d) the financial literacy course required under section 401(6)**
 30 **of this chapter after June 30, 2020, for borrowers who have**
 31 **taken out a total of more than three (3) loans made under**
 32 **either this chapter or IC 24-4.5-7 in any twenty-four (24)**
 33 **month period, including contact information for the**
 34 **department.**

35 **(5) For each unsecured consumer loan made under this chapter,**
 36 **the lender shall remit to the director a fee in the amount of five**
 37 **dollars (\$5) for use by the director in developing and promoting**
 38 **financial literacy programs, including the financial literacy course**
 39 **described in subsection (4)(d), for Indiana consumers. A lender**
 40 **may not pass the fee required by this subsection onto borrowers by**
 41 **imposing an additional charge in connection with any small loan,**
 42 **or through any charge authorized under section 201 of this**



1 **chapter.**

2 **Sec. 401. (1) An unsecured consumer loan may not be made for**
3 **a term of:**

4 **(a) less than ninety (90) days; or**

5 **(b) more than eighteen (18) months.**

6 **(2) If one (1) consecutive unsecured consumer loan has been**
7 **made to a borrower after the borrower's initial unsecured**
8 **consumer loan, another unsecured consumer loan may not be made**
9 **to that borrower within seven (7) days after the consecutive**
10 **unsecured consumer loan is paid in full. After a consecutive**
11 **unsecured consumer loan is made, the balance must be paid in full.**

12 **(3) Subject to subsection (4), whenever a borrower has entered**
13 **into an initial unsecured consumer loan followed by a consecutive**
14 **unsecured consumer loan, the lender may offer the borrower the**
15 **option to repay the consecutive unsecured consumer loan under an**
16 **extended payment plan.**

17 **(4) A lender shall offer an extended payment plan under**
18 **subsection (3) under the following terms and conditions:**

19 **(a) A borrower shall be permitted to request an extended**
20 **payment plan at any time during the term of a consecutive**
21 **unsecured consumer loan if the borrower has not defaulted on**
22 **the outstanding consecutive unsecured consumer loan.**

23 **(b) An extended payment plan must allow the outstanding**
24 **consecutive unsecured consumer loan to be paid in at least**
25 **four (4) equal installments over a period of not less than sixty**
26 **(60) days.**

27 **(c) An agreement for an extended payment plan may not**
28 **require a borrower to pay any amount before the original**
29 **maturity date of the outstanding consecutive unsecured**
30 **consumer loan.**

31 **(d) The lender may not assess any fee or charge on a borrower**
32 **for entering into an extended payment plan.**

33 **(e) An agreement for an extended payment plan must be in**
34 **writing and acknowledged by both the borrower and the**
35 **lender.**

36 **(f) A borrower may not enter into another unsecured**
37 **consumer loan transaction while engaged in an extended**
38 **payment plan.**

39 **(g) A lender may not compel or require a borrower to pay off**
40 **an outstanding consecutive unsecured consumer loan that is**
41 **eligible for an extended payment plan and to subsequently**
42 **enter into a new unsecured consumer loan with the lender if**



- 1 the borrower and lender have not entered into an extended
2 payment plan with respect to the eligible outstanding
3 consecutive unsecured consumer loan.
- 4 **(5) An agreement for an extended payment plan under**
5 **subsection (3):**
- 6 **(a) shall be considered an extension of the outstanding**
7 **consecutive unsecured consumer loan; and**
8 **(b) may not be considered a new loan.**
- 9 **(6) After June 30, 2020, a borrower who takes out a total of**
10 **more than three (3) loans made under either this chapter or**
11 **IC 24-4.5-7 in any twenty-four (24) month period must take a**
12 **financial literacy course approved by the department. If a lender**
13 **determines through:**
- 14 **(a) a borrower's loan application; or**
15 **(b) a commercially reasonable method of verification**
16 **described in section 404(4) of this chapter;**
- 17 **that a borrower has taken out a total of more than three (3) loans**
18 **under either this chapter or IC 24-4.5-7 in any twenty-four (24)**
19 **month period, the lender shall forward to the department the**
20 **borrower's name and contact information. Upon receiving**
21 **information about a borrower under this subsection, the**
22 **department shall contact the borrower with information about**
23 **course enrollment. The financial literacy course described in this**
24 **subsection must be available at no cost to the borrower and may be**
25 **funded, in whole or in part, by the fee described in section 301(5)**
26 **of this chapter, by the fee described in IC 24-4.5-7-301(5), or by**
27 **any other funds available to the department for that purpose.**
- 28 **Sec. 402. (1) A lender is prohibited from making an unsecured**
29 **consumer loan to a borrower if the total monthly payment due with**
30 **respect to the unsecured consumer loan exceeds twenty percent**
31 **(20%) of the borrower's monthly gross income.**
- 32 **(2) A lender shall not require a borrower to provide more than**
33 **one (1):**
- 34 **(a) check; or**
35 **(b) authorization to debit the borrower's account;**
- 36 **per installment payment for each unsecured consumer loan. The**
37 **check or electronic debit may not exceed the amount advanced to**
38 **or on behalf of the borrower plus any charges contracted for and**
39 **permitted under section 201 of this chapter.**
- 40 **(3) A borrower may make partial payments in any amount on**
41 **the unsecured consumer loan without charge at any time before the**
42 **due date of the unsecured consumer loan.**



1 (4) After any payment is made on an unsecured consumer loan,
2 whether the payment is made in part or in full before, on, or after
3 the due date of any installment on the unsecured consumer loan,
4 the lender shall give to the borrower making a payment a signed
5 (whether by written or electronic signature) and dated receipt
6 showing the amount paid and the balance due on the unsecured
7 consumer loan.

8 (5) A borrower may prepay in full the unpaid balance of an
9 unsecured consumer loan at any time without penalty. A lender
10 may not contract for, charge, or collect a prepayment fee or
11 penalty.

12 (6) The lender shall provide to each borrower a copy of the
13 required loan documents before the disbursement of the loan
14 proceeds.

15 (7) A borrower may rescind an unsecured consumer loan
16 without cost by paying the cash amount of the principal of the
17 unsecured consumer loan to the lender not later than the end of the
18 business day immediately following the day on which the
19 unsecured consumer loan was made.

20 (8) A lender shall not enter into a renewal with a borrower. If
21 a loan is paid in full, a subsequent loan is not a renewal.

22 Sec. 403. An unsecured consumer loan may not be secured by
23 personal property other than a check or an electronic debit.

24 Sec. 404. (1) As used in this section, "commercially reasonable
25 method of verification" means a private consumer credit reporting
26 service that the department determines to be capable of providing
27 a lender with adequate verification information necessary to
28 ensure compliance with subsection (4).

29 (2) With respect to an unsecured consumer loan, a lender may
30 not permit a person to become obligated under more than one (1)
31 loan agreement, including an agreement for a small loan under
32 IC 24-4.5-7, with the lender at any time.

33 (3) A lender shall not make an unsecured consumer loan that,
34 when combined with the outstanding balance on another
35 outstanding unsecured consumer loan owed to another lender,
36 exceeds a total of one thousand five hundred dollars (\$1,500),
37 excluding finance charges. A lender shall not make an unsecured
38 consumer loan to a borrower who has:

39 (a) two (2) or more unsecured consumer loans outstanding,
40 regardless of the total value of the unsecured consumer loans;

41 or

42 (b) one (1) or more small loans under IC 24-4.5-7 outstanding,



1 **regardless of the total value of the small loans.**

2 **The amount of one thousand five hundred dollars (\$1,500) in this**
3 **subsection is subject to change under the provisions on adjustment**
4 **of dollar amounts set forth in IC 24-4.5-7-103.5. However,**
5 **notwithstanding IC 24-4.5-7-103.5(1), the Reference Base Index to**
6 **be used under this subsection is the Index for October 2006.**

7 **(4) A lender complies with subsection (3) if the lender**
8 **independently verifies the total number of outstanding unsecured**
9 **consumer loans, the total number of outstanding small loans under**
10 **IC 24-4.5-7, and the total outstanding balance of those unsecured**
11 **consumer loans and small loans for a customer through a**
12 **commercially reasonable method of verification. A lender's method**
13 **of verifying whether a borrower has any outstanding unsecured**
14 **consumer loans, small loans, and the total outstanding balance of**
15 **any loans is considered commercially reasonable if the method**
16 **includes a manual investigation or an electronic query of:**

17 **(a) the lender's own records, including both records**
18 **maintained at the location where the borrower is applying for**
19 **the transaction and records maintained at other locations**
20 **within the state that are owned and operated by the lender;**
21 **and**

22 **(b) an available third party data base provided by a private**
23 **consumer reporting service, subject to the identification**
24 **verification requirements set forth in subsection (12).**

25 **(5) The department shall monitor the effectiveness of private**
26 **consumer credit reporting services in providing the verification**
27 **information required under subsection (4). If the department**
28 **determines that a commercially reasonable method of verification**
29 **is available, the department may:**

30 **(a) provide reasonable notice to all lenders identifying the**
31 **commercially reasonable method of verification that is**
32 **available; and**

33 **(b) require each lender to use, consistent with the policies of**
34 **the department, the identified commercially reasonable**
35 **method of verification as a means of complying with**
36 **subsection (4).**

37 **(6) If a borrower presents evidence to a lender that a loan with**
38 **the lender has been discharged in bankruptcy, the lender shall**
39 **cause the record of the borrower's loan to be updated in the data**
40 **base described in subsection (4)(b) to reflect the bankruptcy**
41 **discharge.**

42 **(7) A lender shall cause the record of a borrower's loan to be**



1 updated in the data base described in subsection (4)(b) to reflect:

2 (a) presentment of the borrower's check for payment; or

3 (b) exercise of the borrower's authorization to debit the
4 borrower's account.

5 If a check is returned or an authorization is dishonored because of
6 insufficient funds in the borrower's account, the lender shall
7 reenter the record of the loan in the data base.

8 (8) A lender shall update information in a data base described
9 in subsection (4)(b) to reflect partial payments made on an
10 outstanding loan, the record of which is maintained in the data
11 base.

12 (9) If a lender ceases doing business in Indiana, the director may
13 require the operator of the data base described in subsection (4)(b)
14 to remove records of the lender's loans from the operator's data
15 base.

16 (10) The director may impose a civil penalty not to exceed one
17 hundred dollars (\$100) for each violation of:

18 (a) this section; or

19 (b) any rule or policy adopted by the director to implement
20 this section.

21 (11) The excess amount of charges provided for in agreements
22 in violation of this section is an excess charge for purposes of the
23 provisions concerning effect of violations on rights of parties
24 (IC 24-4.5-5-202) and the provisions concerning civil actions by the
25 department (IC 24-4.5-6-113).

26 (12) If a borrower provides the borrower's Social Security
27 number to a lender in connection with any transaction or proposed
28 transaction under this chapter, the lender shall:

29 (a) maintain procedures to verify that the Social Security
30 number provided is legitimate and belongs to the borrower;
31 and

32 (b) retain copies of any documents used to verify the
33 borrower's Social Security number. Documentation under
34 this subdivision may be in electronic form and the numbers
35 may be truncated.

36 If a borrower does not have a Social Security number, the lender
37 may require and accept another valid form of government issued
38 identification, subject to the requirements of subdivisions (a) and
39 (b) with respect to the government issued identification accepted.

40 Sec. 405. (1) This section does not apply to a business that is
41 licensed by the department for a purpose other than consumer
42 loans.



1 (2) A licensee may carry on other business at a location where
2 the licensee makes unsecured consumer loans unless the licensee
3 carries on other business for the purpose of evasion or violation of
4 this article.

5 Sec. 406. (1) An agreement with respect to an unsecured
6 consumer loan may not provide for charges as a result of default
7 by the borrower other than those specifically authorized by this
8 chapter. A provision in an unsecured consumer loan agreement in
9 violation of this section is unenforceable.

10 (2) A lender or an assignee of an unsecured consumer loan may
11 seek only the following remedies upon default by a borrower:

12 (a) Recovery of:

13 (i) the contracted principal amount of the loan; and

14 (ii) any charges contracted for and permitted under section
15 201 of this chapter.

16 (b) If contracted for under section 202 of this chapter,
17 collection of a fee for:

18 (i) a returned check, negotiable order of withdrawal, or
19 share draft; or

20 (ii) a dishonored authorization to debit the borrower's
21 account;

22 because of insufficient funds in the borrower's account.

23 (c) Collection of postjudgment interest, if awarded by a court.

24 (d) Collection of court costs, if awarded by a court.

25 (3) A lender or an assignee of an unsecured consumer loan may
26 not seek any of the following damages or remedies upon default by
27 a borrower:

28 (a) Payment of the lender's attorney's fees.

29 (b) Treble damages.

30 (c) Prejudgment interest.

31 (d) Damages allowed for dishonored checks under any statute
32 other than this chapter.

33 (e) Any damages or remedies not set forth in subsection (2).

34 (4) A contractual agreement in an unsecured consumer loan
35 transaction must include a notice of the following in 14 point bold
36 type:

37 (a) The remedies available to a lender or an assignee under
38 subsection (2).

39 (b) The remedies and damages that a lender or an assignee is
40 prohibited from seeking in an unsecured consumer loan
41 transaction under subsection (3).

42 Sec. 407. (1) This section applies to licensees and unlicensed



- 1 persons.
- 2 (2) A person who violates this chapter:
- 3 (a) is subject to the remedies provided in IC 24-4.5-5-202;
- 4 (b) commits a deceptive act under IC 24-5-0.5 and is subject
- 5 to the penalties listed in IC 24-5-0.5;
- 6 (c) has no right to collect, receive, or retain any principal,
- 7 interest, or other charges from an unsecured consumer loan;
- 8 however, this subdivision does not apply if the violation is the
- 9 result of an accident or bona fide error of computation; and
- 10 (d) is liable to the borrower for actual damages, statutory
- 11 damages of two thousand dollars (\$2,000) per violation, costs,
- 12 and attorney's fees; however, this subdivision does not apply
- 13 if the violation is the result of an accident or bona fide error
- 14 of computation.
- 15 The remedies described in this subsection are in addition to all
- 16 other remedies set forth in this article.
- 17 (3) The department may sue:
- 18 (a) to enjoin any conduct that constitutes or will constitute a
- 19 violation of this chapter; and
- 20 (b) for other equitable relief.
- 21 (4) The remedies provided in this section are cumulative but are
- 22 not intended to be the exclusive remedies available to a borrower.
- 23 A borrower is not required to exhaust any administrative remedies
- 24 under this section or any other applicable law.
- 25 Sec. 408. A lender making unsecured consumer loans, or an
- 26 assignee of an unsecured consumer loan, shall not commit nor
- 27 cause to be committed any of the following acts:
- 28 (a) Threatening to use or using the criminal process in any
- 29 state to collect on an unsecured consumer loan.
- 30 (b) Threatening to take action against a borrower that is
- 31 prohibited by this chapter.
- 32 (c) Making a misleading or deceptive statement regarding:
- 33 (i) an unsecured consumer loan; or
- 34 (ii) a consequence of taking an unsecured consumer loan.
- 35 (d) Contracting for or collecting attorney's fees on unsecured
- 36 consumer loans made under this chapter.
- 37 (e) Altering the date or any other information on a check or
- 38 an authorization to debit the borrower's account held as
- 39 security.
- 40 (f) Using a device or agreement that the department
- 41 determines would have the effect of charging or collecting
- 42 more fees, charges, or interest than allowed by this chapter,



1 including:

2 (i) entering a different type of transaction with the
3 borrower;

4 (ii) entering into a sales/leaseback arrangement;

5 (iii) catalog sales;

6 (iv) entering into transactions in which a customer receives
7 a purported cash rebate that is advanced by someone
8 offering Internet content services, or some other product
9 or service, if the cash rebate does not represent a discount
10 or an adjustment of the purchase price for the product or
11 service; or

12 (v) entering any other transaction with the borrower that
13 is designed to evade the applicability of this chapter.

14 (g) Engaging in unfair, deceptive, or fraudulent practices in
15 the making or collecting of an unsecured consumer loan.

16 (h) Charging to cash a check representing the proceeds of an
17 unsecured consumer loan.

18 (i) Except as otherwise provided in this chapter:

19 (i) accepting the proceeds of a new unsecured consumer
20 loan as payment of an existing unsecured consumer loan
21 provided by the same lender; or

22 (ii) renewing, refinancing, or consolidating an unsecured
23 consumer loan with the proceeds of another unsecured
24 consumer loan made by the same lender.

25 (j) Including any of the following provisions in a loan
26 document:

27 (i) A hold harmless clause.

28 (ii) A confession of judgment clause.

29 (iii) A mandatory arbitration clause, unless the terms and
30 conditions of the arbitration have been approved by the
31 director of the department.

32 (iv) An assignment of or order for payment of wages or
33 other compensation for services.

34 (v) A provision in which the borrower agrees not to assert
35 a claim or defense arising out of contract.

36 (vi) A waiver of any provision of this chapter.

37 (k) Selling insurance of any kind in connection with the
38 making or collecting of an unsecured consumer loan.

39 (l) Entering into a renewal with a borrower.

40 Sec. 409. Charges made in compliance with this chapter are
41 exempt from IC 24-4.5-3-201 and IC 35-45-7.

42 Sec. 410. Upon the receipt of a check from a borrower for an



1 unsecured consumer loan, unless the check is marked as void at the
 2 time of acceptance by the lender, the lender shall immediately
 3 stamp the back of the check with an endorsement that states:

4 "This check is being negotiated as part of an unsecured
 5 consumer loan under IC 24-4.5, and any holder of this check
 6 takes it subject to the claims and defenses of the maker."

7 Sec. 411. (1) A person engaged in making unsecured consumer
 8 loans under this chapter shall post a bond to the department in the
 9 amount of fifty thousand dollars (\$50,000) for each location where
 10 unsecured consumer loans will be made, up to a maximum bond in
 11 an amount determined by the director.

12 (2) A surety bond issued under this section must:

13 (a) provide coverage for a lender engaged in making
 14 unsecured consumer loans under this chapter in an amount as
 15 prescribed in subsection (1);

16 (b) be in a form prescribed by the director;

17 (c) be in effect during the term of the lender's license under
 18 IC 24-24.5-7;

19 (d) remain in effect during the two (2) years after the lender
 20 ceases offering financial services to individuals in Indiana;

21 (e) be payable to the department for the benefit of:

22 (i) the state; and

23 (ii) individuals who reside in Indiana when they agree to
 24 receive financial services from the lender;

25 (f) be issued by a bonding, surety, or insurance company
 26 authorized to do business in Indiana and rated at least "A-"
 27 by at least one (1) nationally recognized investment rating
 28 service; and

29 (g) have payment conditioned upon the lender's or any of the
 30 lender's employees' or agents' noncompliance with or
 31 violation of this article or other applicable federal or state
 32 laws or regulations.

33 (3) The director may adopt rules or guidance documents with
 34 respect to the requirements for a surety bond as necessary to
 35 accomplish the purposes of this chapter.

36 (4) If the principal amount of a surety bond required under this
 37 section is reduced by payment of a claim or judgment, the lender
 38 for whom the bond is issued shall immediately notify the director
 39 of the reduction and, not later than thirty (30) days after notice by
 40 the director, file a new or an additional surety bond in an amount
 41 set by the director. The amount of the new or additional bond set
 42 by the director must be at least the amount of the bond before



1 payment of the claim or judgment.

2 (5) If for any reason a surety terminates a bond issued under
3 this section, the lender shall immediately notify the department and
4 file a new surety bond in an amount as prescribed in subsection (1).

5 (6) Cancellation of a surety bond issued under this section does
6 not affect any liability incurred or accrued during the period when
7 the surety bond was in effect.

8 (7) The director may obtain satisfaction from a surety bond
9 issued under this section if the director incurs expenses, issues a
10 final order, or recovers a final judgment under this chapter.

11 (8) Notices required under this section must be in writing and
12 delivered by certified mail, return receipt requested and postage
13 prepaid, or by overnight delivery using a nationally recognized
14 carrier.

15 **Sec. 412. The department may adopt rules under IC 4-22-2 to**
16 **implement this chapter, including emergency rules in the manner**
17 **provided by IC 4-22-2-37.1. Notwithstanding IC 4-22-2-37.1(g), an**
18 **emergency rule adopted by the department under this subsection**
19 **and in the manner provided by IC 4-22-2-37.1 expires on the date**
20 **on which a rule that supersedes the emergency rule is adopted by**
21 **the department under IC 4-22-2-24 through IC 4-22-2-36.**

22 SECTION 40. IC 24-9-2-8 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8. (a) "High cost home
24 loan" means a home loan with:

25 (1) a trigger rate that exceeds the benchmark rate; or

26 (2) total points and fees that exceed:

27 (A) five percent (5%) of the loan principal for a home loan
28 having a loan principal of at least forty thousand dollars
29 (\$40,000); or

30 (B) six percent (6%) of the loan principal for a home loan
31 having a loan principal of less than forty thousand dollars
32 (\$40,000).

33 (b) Beginning July 1, 2006, the dollar amounts set forth in this
34 section are subject to change at the times and according to the
35 procedure set forth in ~~the provisions of IC 24-4.5-1-106~~
36 **IC 24-4.5-7-103.5** concerning the adjustment of dollar amounts in
37 ~~IC 24-4.5. IC 24-4.5-7.~~

38 SECTION 41. IC 28-7-5-28 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 28. (a) The maximum
40 rate of interest charged by pawnbrokers shall be the same as the
41 maximum loan finance charge ~~for supervised lenders~~ under
42 ~~IC 24-4.5-3-508(2). IC 24-4.5-3-201.~~ For purposes of this subsection:



1 (1) the term of a loan commences on the date on which the loan
2 is made;

3 (2) differences in lengths of months are disregarded; and

4 (3) each day is counted as one-thirtieth (1/30) of a month.

5 The minimum term of a loan made by a pawnbroker is one (1) month.
6 However, on loans paid in full within the first month, the pawnbroker
7 may charge one (1) month's interest.

8 (b) Interest shall not be deducted in advance, neither shall the
9 pawnbroker induce or permit any borrower to split up or divide any
10 loan or loans for the purpose of evading any provisions of this chapter.

11 (c) If a pawnbroker charges or receives interest in excess of that
12 provided in this section, or makes any charges not authorized by this
13 chapter, the pawnbroker shall forfeit principal and interest and return
14 the pledge upon demand of the pledger and surrender of the pawn
15 ticket without the principal or interest. If such excessive or
16 unauthorized charges have been paid by the pledger, the pledger may
17 recover the same, including the principal if paid, in a civil action
18 against the pawnbroker.

19 SECTION 42. IC 35-45-7-2, AS AMENDED BY P.L.158-2013,
20 SECTION 536, IS AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE JULY 1, 2018]: Sec. 2. A person who, in exchange for
22 the loan of any property, knowingly or intentionally receives or
23 contracts to receive from another person any consideration, at a rate
24 greater than two (2) times the rate specified in ~~IC 24-4.5-3-508(2)(a)(i)~~
25 **IC 24-4.5-3-201** commits loansharking, a Level 6 felony. However,
26 loansharking is a Level 5 felony if force or the threat of force is used to
27 collect or to attempt to collect any of the property loaned or any of the
28 consideration for the loan.

29 SECTION 43. IC 35-45-7-3, AS AMENDED BY P.L.35-2010,
30 SECTION 208, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) This chapter applies only:

32 (1) to consumer loans, consumer related loans, consumer credit
33 sales, consumer related sales, and consumer leases, as those terms
34 are defined in IC 24-4.5; ~~subject to adjustment, where applicable,~~
35 ~~of the dollar amounts set forth in those definitions under~~
36 ~~IC 24-4.5-1-106;~~

37 (2) to any loan primarily secured by an interest in land or sale of
38 an interest in land that is a mortgage transaction (as defined in
39 IC 24-4.5-1-301.5) if the transaction is otherwise a consumer loan
40 or consumer credit sale; and

41 (3) to any other loan transaction or extension of credit, regardless
42 of the amount of the principal of the loan or extension of credit,



1 if unlawful force or the threat of force is used to collect or to
2 attempt to collect any of the property loaned or any of the
3 consideration for the loan or extension of credit in question.
4 (b) This chapter applies regardless of whether the contract is made
5 directly or indirectly, and whether the receipt of the consideration is
6 received or is due to be received before or after the maturity date of the
7 loan.

