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# SENATE BILL No. 352

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## DIGEST OF INTRODUCED BILL

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

**Synopsis:** Supervised consumer loans. Amends the Uniform Consumer Credit Code to provide that the authorized loan finance charge for a consumer loan, other than a supervised loan, that is entered into after June 30, 2022, may not exceed 36% (versus 25% for a consumer loan that is entered into before July 1, 2022) per year on the unpaid balances of the principal. Amends the definition of "supervised loan" to mean a consumer loan that: (1) is entered into before July 1, 2022, and with respect to which the rate of the loan finance charge exceeds the authorized 25% annual rate for consumer loans under current law; or (2) is entered into after June 30, 2022, and is made in accordance with the requirements for supervised loans set forth in the bill. Sets forth requirements and limitations with respect to the following for supervised loans made after June 30, 2022: (1) Authorized fees and charges. (2) The maximum principal amount. (3) The minimum and maximum lengths of the loan term. (4) Information and disclosures to be included in the loan contract. (5) A borrower's right to rescind a supervised loan transaction. Provides that when a borrower enters into a supervised loan, the lender shall provide the borrower with a pamphlet approved by the department of financial institutions (department) that describes: (1) the availability of debt management and credit counseling services; (2) the borrower's rights and responsibilities; and (3) the availability of the 211 telephone dialing code for human services information and referrals. Sets forth prohibited acts and practices in connection with a supervised loan. Provides that a lender may not take a security interest in real or personal property in connection with a supervised loan, other than a  
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**Effective:** July 1, 2022.

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January 11, 2022, read first time and referred to Committee on Insurance and Financial Institutions.

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Digest Continued

security interest in a personal check of the borrower. Specifies the applicability of the bill's provisions to supervised loans made by persons exempt from: (1) the bill's finance charge limitations; and (2) licensure by the department. Requires a lender that makes at least one supervised loan in Indiana during a calendar year to remit to the department: (1) an annual fee of \$250; and (2) an additional fee of \$250 per Indiana branch location (after the first location). Establishes the consumer financial education fund (fund), and provides that the annual fees collected from lenders making supervised loans are to be deposited in the fund. Provides that the fund is to be: (1) administered by the department; and (2) used by the department for paying expenses relating to consumer financial education. Requires a person that enters into at least one supervised loan transaction in Indiana in any calendar year to file with the department a report concerning the person's business and operations with respect to that calendar year. Requires the director of the department to prescribe: (1) the time and manner for filing the report; and (2) the information to be included in the report. Requires the department to publish and make available to the public, at least annually, an analysis of the information provided in the reports filed with the department. Sets forth the information that must be included in the department's analysis. Makes conforming amendments to existing references to supervised loans throughout the Indiana Code.



Introduced

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

## SENATE BILL No. 352

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A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation and to make an appropriation.

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

1 SECTION 1. IC 24-4.5-3-109 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 109. (1) "Loan finance  
3 charge" means the sum of:  
4 (a) all charges payable directly or indirectly by the debtor and  
5 imposed directly or indirectly by the lender as an incident to the  
6 extension of credit, including any of the following types of  
7 charges which are applicable: interest or any amount payable  
8 under a point, discount, or other system of charges, however  
9 denominated, premium or other charge for any guarantee or  
10 insurance protecting the lender against the debtor's default or  
11 other credit loss; and  
12 (b) charges incurred for investigating the collateral or  
13 credit-worthiness of the debtor.  
14 The term does not include charges as a result of default, additional  
15 charges (IC 24-4.5-3-202), delinquency charges (IC 24-4.5-3-203.5),

2022

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1 or deferral charges (IC 24-4.5-3-204). **With respect to a supervised**  
 2 **loan made under section 508.1 of this chapter after June 30, 2022,**  
 3 **the term does not include the fees and charges set forth in section**  
 4 **508.1(2)(b) through section 508.1(2)(e) of this chapter.** The term  
 5 does not include charges paid or payable to a third party that are not  
 6 required by the lender as a condition or incident to the extension of  
 7 credit except for borrower paid mortgage broker fees, including fees  
 8 paid directly to the broker or the lender (for delivery to the broker),  
 9 whether the fees are paid in cash or financed. However, borrower paid  
 10 mortgage broker fees do not include fees paid to a mortgage broker by  
 11 a creditor, including yield spread premiums and service release fees.

12 (2) If a lender makes a loan to a debtor by purchasing or satisfying  
 13 obligations of the debtor pursuant to a lender credit card or similar  
 14 arrangement, and the purchase or satisfaction is made at less than the  
 15 face amount of the obligation, the discount is not part of the loan  
 16 finance charge.

17 SECTION 2. IC 24-4.5-3-201, AS AMENDED BY P.L.85-2020,  
 18 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2022]: Sec. 201. Loan Finance Charge for Consumer Loans  
 20 other than Supervised Loans—(1) Except as provided in subsections  
 21 (7) and (9), with respect to a consumer loan, other than a supervised  
 22 loan (as defined in section 501 of this chapter), a lender may contract  
 23 for a loan finance charge, calculated according to the actuarial method,  
 24 not exceeding **the following:**

25 (a) Twenty-five percent (25%) per year on the unpaid balances of  
 26 the principal (as defined in section 107(3) of this chapter), **in the**  
 27 **case of a loan agreement entered into before July 1, 2022.**

28 (b) **Subject to subsection (3), thirty-six percent (36%) per year**  
 29 **on the unpaid balances of the principal (as defined in section**  
 30 **107(3) of this chapter), in the case of a loan agreement entered**  
 31 **into after June 30, 2022.**

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

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

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

41 (3) The following apply to a loan agreement for a consumer loan (or  
 42 for the refinancing or consolidation of a consumer loan) that is entered



- 1 into after June 30, 2020:
- 2 (a) The consumer loan is subject to this section, including the
- 3 limitations set forth in:
- 4 (i) subsection (1) with respect to the loan finance charge; and
- 5 (ii) subsection (9)(b) with respect to the amount of the
- 6 authorized nonrefundable prepaid finance charge, in the case
- 7 of a consumer loan that is not secured by an interest in land.
- 8 (b) The loan finance charge authorized by this section must be:
- 9 (i) contracted for between the lender and the debtor; and
- 10 (ii) calculated by applying a rate not exceeding the rate set
- 11 forth in subsection (1) to unpaid balances of the principal (as
- 12 defined in section 107(3) of this chapter).
- 13 (c) A loan agreement for a precomputed consumer loan is
- 14 prohibited, **other than in the case of a supervised loan made**
- 15 **under section 508.1 of this chapter after June 30, 2022.**
- 16 (d) Subject to subsection (12), in addition to the loan finance
- 17 charge authorized by subsection (1) and to any other fees
- 18 permitted by this chapter, and not subject to the ~~twenty-five~~
- 19 ~~percent (25%)~~ **applicable** rate set forth in subsection (1), the
- 20 lender may contract for and receive as a condition for, or an
- 21 incident to, the extension of credit a nonrefundable prepaid
- 22 finance charge under subsection (9), whether the charge is:
- 23 (i) paid separately in cash or by check before or at
- 24 consummation; or
- 25 (ii) withheld from the proceeds of the consumer loan.
- 26 (4) For the purposes of this section, the term of a loan commences
- 27 with the date the loan is made. Differences in the lengths of months are
- 28 disregarded, and a day may be counted as one-thirtieth (1/30) of a
- 29 month. Subject to classifications and differentiations the lender may
- 30 reasonably establish, a part of a month in excess of fifteen (15) days
- 31 may be treated as a full month if periods of fifteen (15) days or less are
- 32 disregarded and if that procedure is not consistently used to obtain a
- 33 greater yield than would otherwise be permitted. For purposes of
- 34 computing average daily balances, the creditor may elect to treat all
- 35 months as consisting of thirty (30) days.
- 36 (5) With respect to a consumer loan made pursuant to a revolving
- 37 loan account:
- 38 (a) the loan finance charge shall be deemed not to exceed the
- 39 maximum annual percentage rate if the loan finance charge
- 40 contracted for and received does not exceed a charge in each
- 41 monthly billing cycle which is **either** two and eighty-three
- 42 thousandths percent (2.083%), **in the case of a loan agreement**



1 **described in subsection (1)(a), or three percent (3%), in the**  
 2 **case of a loan agreement described in subsection (1)(b), of an**  
 3 amount not greater than:

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

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

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

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

- 34 (a) when applied to the median amount within each range, it does  
 35 not exceed the maximum permitted by subsection (1); 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 subdivision (a) by more than eight percent  
 39 (8%) of the rate calculated according to subdivision (a).

40 (7) With respect to a consumer loan not made pursuant to a  
 41 revolving loan account, the lender may contract for and receive a  
 42 minimum loan finance charge of not more than thirty dollars (\$30). The



1 minimum loan finance charge allowed under this subsection may be  
 2 imposed only if the lender does not contract for or receive a  
 3 nonrefundable prepaid finance charge under subsection (9) and:

4 (a) the debtor prepays in full a consumer loan, refinancing, or  
 5 consolidation, regardless of whether the loan, refinancing, or  
 6 consolidation is precomputed;

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

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

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

11 (c) the loan finance charge earned at the time of prepayment is  
 12 less than the minimum loan finance charge contracted for under  
 13 this subsection.

14 (8) The amount of thirty dollars (\$30) in subsection (7) is subject to  
 15 change under the provisions on adjustment of dollar amounts (IC  
 16 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the  
 17 Reference Base Index to be used under this subsection is the Index for  
 18 October 1992.

19 (9) Except as provided in subsection (7), and subject to subsection  
 20 (12), in addition to the loan finance charge authorized by subsection (1)  
 21 and to any other charges and fees permitted by this chapter, a lender  
 22 may contract for and receive a nonrefundable prepaid finance charge  
 23 of not more than the following:

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

26 (i) is not made under a revolving loan account, two percent  
 27 (2%) of the loan amount; or

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

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

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

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

41 (iii) Two hundred dollars (\$200) in the case of a loan  
 42 agreement for a principal amount which is more than four



1           thousand dollars (\$4,000).  
 2           The amounts in this subsection are not subject to change under  
 3           IC 24-4.5-1-106.

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

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

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

24          (12) At the time of consummation of a consumer loan:  
 25           (a) the loan finance charge authorized by subsection (1); and  
 26           (b) the nonrefundable prepaid finance charge authorized by  
 27           subsection (9) (including any amount charged by a depository  
 28           institution (as defined in IC 24-4.5-1-301.5(12)) that exceeds the  
 29           applicable amount set forth in subsection (9)(b));  
 30          are subject to IC 35-45-7 and, when combined, may not exceed the rate  
 31          set forth in IC 35-45-7-2.

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

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





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

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

13 SECTION 3. IC 24-4.5-3-203.5, AS AMENDED BY P.L. 129-2020,  
 14 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2022]: Sec. 203.5. Delinquency Charges — (1) With respect  
 16 to a consumer loan, refinancing, or consolidation, the parties may  
 17 contract for a delinquency charge of not more than the following:

18 (a) Five dollars (\$5) on any installment or minimum payment due  
 19 that is not paid in full not later than ten (10) days after its  
 20 scheduled due date, in the case of a consumer loan, refinancing,  
 21 or consolidation that is made before July 1, 2019. The amount of  
 22 five dollars (\$5) in this subdivision is subject to change under  
 23 IC 24-4.5-1-106. In addition, the parties may provide by contract  
 24 for a delinquency charge that is subject to change. If the parties  
 25 provide by contract for a delinquency charge that is subject to  
 26 change, the lender shall disclose in the contract that the amount  
 27 of the delinquency charge is subject to change under  
 28 IC 24-4.5-1-106 or this section.

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

31 (i) Five dollars (\$5) on any installment or minimum payment  
 32 due that is not paid in full not later than ten (10) days after its  
 33 scheduled due date, if installments under the consumer loan,  
 34 refinancing, or consolidation are due every fourteen (14) days  
 35 or less. The amount of five dollars (\$5) in this clause is not  
 36 subject to change under IC 24-4.5-1-106.

37 (ii) Twenty-five dollars (\$25) on any installment or minimum  
 38 payment due that is not paid in full not later than ten (10) days  
 39 after its scheduled due date, if installments under the  
 40 consumer loan, refinancing, or consolidation are due every  
 41 fifteen (15) days or more. The amount of twenty-five dollars  
 42 (\$25) in this clause is not subject to change under



- 1 IC 24-4.5-1-106.
- 2 (iii) Twenty-five dollars (\$25) on any installment or minimum
- 3 payment due that is not paid in full not later than ten (10) days
- 4 after its scheduled due date, in the case of a consumer loan,
- 5 refinancing, or consolidation that is payable in a single
- 6 installment that is due at least thirty (30) days after the
- 7 consumer loan, refinancing, or consolidation is made. The
- 8 amount of twenty-five dollars (\$25) in this clause is not
- 9 subject to change under IC 24-4.5-1-106.
- 10 (2) A delinquency charge under this section may be collected only
- 11 once on an installment however long it remains in default. With regard
- 12 to a delinquency charge on consumer loans made under a revolving
- 13 loan account, the delinquency charge may be applied each month that
- 14 the payment is less than the minimum required payment on the
- 15 account. A delinquency charge may be collected any time after it
- 16 accrues. A delinquency charge may not be collected if:
- 17 (a) the installment has been deferred and a deferral charge (IC
- 18 24-4.5-3-204) has been paid or incurred;
- 19 (b) a charge for a skip-a-payment service under
- 20 IC 24-4.5-3-202(1)(i) has been paid or incurred, as provided in
- 21 IC 24-4.5-3-202(1)(i)(iii); or
- 22 (c) a charge for an optional expedited payment service under
- 23 IC 24-4.5-3-202(1)(j) has been paid or incurred, as provided in
- 24 IC 24-4.5-3-202(1)(j)(v).
- 25 (3) A creditor may not, directly or indirectly, charge or collect a
- 26 delinquency charge on a payment that:
- 27 (a) is paid not later than ten (10) days after its scheduled due date;
- 28 and
- 29 (b) is otherwise a full payment of the payment due for the
- 30 applicable installment period;
- 31 if the only delinquency with respect to the consumer loan, refinancing,
- 32 or consolidation is attributable to a delinquency charge assessed on an
- 33 earlier installment.
- 34 (4) **This subsection does not apply to a supervised loan made**
- 35 **under section 508.1 of this chapter after June 30, 2022.** If two (2) or
- 36 more installments, or parts of two (2) or more installments, of a
- 37 precomputed loan are in default for ten (10) days or more, the lender
- 38 may elect to convert the loan from a precomputed loan to a loan in
- 39 which the finance charge is based on unpaid balances. A lender that
- 40 makes this election shall make a rebate under the provisions on rebates
- 41 upon prepayment (IC 24-4.5-3-210) as of the maturity date of the first
- 42 delinquent installment, and thereafter may make a loan finance charge



1 as authorized by the provisions on loan finance charges for consumer  
 2 loans (IC 24-4.5-3-201) or, **in the case of supervised loans made**  
 3 **before July 1, 2022**, supervised loans (IC 24-4.5-3-508). The amount  
 4 of the rebate shall not be reduced by the amount of any permitted  
 5 minimum charge (IC 24-4.5-3-210). Any deferral charges made on  
 6 installments due at or after the maturity date of the first delinquent  
 7 installment shall be rebated, and no further deferral charges shall be  
 8 made.

9 SECTION 4. IC 24-4.5-3-205, AS AMENDED BY P.L.85-2020,  
 10 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2022]: Sec. 205. Loan Finance Charge on Refinancing —  
 12 With respect to a consumer loan, refinancing, or consolidation, the  
 13 lender may by agreement with the debtor refinance the unpaid balance  
 14 and may contract for and receive a loan finance charge based on the  
 15 principal resulting from the refinancing at a rate not exceeding that  
 16 permitted by the provisions on a loan finance charge for consumer  
 17 loans (IC 24-4.5-3-201) or the provisions on a loan finance charge for  
 18 supervised loans (~~IC 24-4.5-3-508~~); **(section 508 of this chapter, for**  
 19 **supervised loans made before July 1, 2022, or section 508.1 of this**  
 20 **chapter, for supervised loans made after June 30, 2022)**, whichever  
 21 is appropriate. For the purpose of determining the loan finance charge  
 22 permitted, the principal resulting from the refinancing comprises the  
 23 following:

24 (a) If:

25 (i) the transaction was not precomputed, the total of the unpaid  
 26 balance and the accrued charges on the date of the refinancing;

27 or

28 (ii) the transaction was precomputed ~~in the case of a~~  
 29 ~~transaction and was~~ entered into before July 1, 2020, **or if the**  
 30 **transaction was for a supervised loan made under section**  
 31 **508.1 of this chapter after June 30, 2022**, the amount which  
 32 the debtor would have been required to pay upon prepayment  
 33 pursuant to the provisions on rebate upon prepayment (~~IC~~  
 34 ~~24-4.5-3-210~~) **(section 210 of this chapter)** on the date of  
 35 refinancing.

36 (b) Appropriate additional charges (IC 24-4.5-3-202), payment of  
 37 which is deferred.

38 SECTION 5. IC 24-4.5-3-206, AS AMENDED BY P.L.85-2020,  
 39 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40 JULY 1, 2022]: Sec. 206. Loan Finance Charge on Consolidation —  
 41 (1) If a debtor owes an unpaid balance to a lender with respect to a  
 42 consumer loan, refinancing, or consolidation, and becomes obligated



1 on another consumer loan, refinancing, or consolidation with the same  
 2 lender, the parties may agree to a consolidation resulting in a single  
 3 schedule of payments. If the previous consumer loan, refinancing, or  
 4 consolidation was not precomputed, the parties may agree to add the  
 5 unpaid amount of principal and accrued charges on the date of  
 6 consolidation to the principal with respect to the subsequent loan. If the  
 7 previous consumer loan, refinancing, or consolidation was  
 8 precomputed ~~in the case of a transaction and was~~ entered into before  
 9 July 1, 2020, **or if the previous transaction was made under section**  
 10 **508.1 of this chapter after June 30, 2022**, the parties may agree to  
 11 refinance the unpaid balance pursuant to the provisions on refinancing  
 12 (IC 24-4.5-3-205) and to consolidate the principal resulting from the  
 13 refinancing by adding it to the principal with respect to the subsequent  
 14 loan. In either case the lender may contract for and receive a loan  
 15 finance charge based on the aggregate principal resulting from the  
 16 consolidation at a rate not in excess of that permitted by the provisions  
 17 on loan finance charge for consumer loans (IC 24-4.5-3-201) or the  
 18 provisions on loan finance charge for supervised loans (~~IC~~  
 19 ~~24-4.5-3-508~~); **(section 508 of this chapter, for supervised loans**  
 20 **made before July 1, 2022, or section 508.1 of this chapter, for**  
 21 **supervised loans made after June 30, 2022)**, whichever is  
 22 appropriate.

23 (2) The parties may agree to consolidate the unpaid balance of a  
 24 consumer loan with the unpaid balance of a consumer credit sale. The  
 25 parties may agree to refinance the previous unpaid balance pursuant to  
 26 the provisions on refinancing sales (IC 24-4.5-2-205) or the provisions  
 27 on refinancing loans (IC 24-4.5-3-205), whichever is appropriate, and  
 28 to consolidate the amount financed resulting from the refinancing or  
 29 the principal resulting from the refinancing by adding it to the amount  
 30 financed or principal with respect to the subsequent sale or loan. The  
 31 aggregate amount resulting from the consolidation shall be deemed  
 32 principal, and the creditor may contract for and receive a loan finance  
 33 charge based on the principal at a rate not in excess of that permitted  
 34 by the provisions on loan finance charge for consumer loans (IC  
 35 24-4.5-3-201) or the provisions on loan finance charge for supervised  
 36 loans (~~IC 24-4.5-3-508~~); **(section 508 of this chapter, for supervised**  
 37 **loans made before July 1, 2022, or section 508.1 of this chapter, for**  
 38 **supervised loans made after June 30, 2022)**, whichever is  
 39 appropriate.

40 SECTION 6. IC 24-4.5-3-208 IS AMENDED TO READ AS  
 41 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 208. Advances to  
 42 Perform Covenants of Debtor. — (1) **This section does not apply to**



1 **a supervised loan made after June 30, 2022, under section 508.1 of**  
 2 **this chapter.** If the agreement with respect to a consumer loan,  
 3 refinancing, or consolidation contains covenants by the debtor to  
 4 perform certain duties pertaining to insuring or preserving collateral  
 5 and if the lender pursuant to the agreement pays for performance of the  
 6 duties on behalf of the debtor, the lender may add the amounts paid to  
 7 the debt. Within a reasonable time after advancing any sums, ~~he~~ **the**  
 8 **lender** shall state to the debtor in writing the amount of the sums  
 9 advanced, any charges with respect to this amount, and any revised  
 10 payment schedule and, if the duties of the debtor performed by the  
 11 lender pertain to insurance, a brief description of the insurance paid for  
 12 by the lender including the type and amount of coverages. No further  
 13 information need be given.

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

24 SECTION 7. IC 24-4.5-3-501, AS AMENDED BY P.L.91-2013,  
 25 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JULY 1, 2022]: Sec. 501. Definitions:

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

28 (a) in which the rate of the loan finance charge exceeds  
 29 twenty-five percent (25%) per year as determined according to the  
 30 provisions on loan finance charge for consumer loans in section  
 31 201 of this chapter, **in the case of a loan entered into before**  
 32 **July 1, 2022; or**

33 (b) **that is made in accordance with section 508.1 of this**  
 34 **chapter, in the case of a loan entered into after June 30, 2022.**

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

37 SECTION 8. IC 24-4.5-3-508, AS AMENDED BY P.L.85-2020,  
 38 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2022]: Sec. 508. Loan Finance Charge for Supervised Loans  
 40 – (1) **This section applies only to a supervised loan entered into**  
 41 **before July 1, 2022.** With respect to a supervised loan, including a  
 42 loan pursuant to a revolving loan account, a supervised lender may



1 contract for and receive a loan finance charge not exceeding that  
2 permitted by this section.

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

5 (a) the total of:

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

9 (ii) twenty-one percent (21%) per year on that part of the  
10 unpaid balances of the principal (as defined in section 107(3)  
11 of this chapter) which is more than two thousand dollars  
12 (\$2,000) but does not exceed four thousand dollars (\$4,000);  
13 and

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

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

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

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

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

28 After June 30, 2020, **and before July 1, 2022**, a loan agreement may  
29 not be entered into for a precomputed supervised loan.

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

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

42 (a) when applied to the median amount within each range, it does



1 not exceed the maximum permitted in subsection (2); and  
 2 (b) when applied to the lowest amount within each range, it does  
 3 not produce a rate of loan finance charge exceeding the rate  
 4 calculated according to subdivision (a) by more than eight percent  
 5 (8%) of the rate calculated according to subdivision (a).

6 (6) The amounts of two thousand dollars (\$2,000) and four thousand  
 7 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection  
 8 (7) are subject to change pursuant to the provisions on adjustment of  
 9 dollar amounts (IC 24-4.5-1-106). However, notwithstanding  
 10 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars  
 11 (\$30), the Reference Base Index to be used is the Index for October  
 12 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the  
 13 amounts of two thousand dollars (\$2,000) and four thousand dollars  
 14 (\$4,000), the Reference Base Index to be used is the Index for October  
 15 2012.

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

22 (a) the debtor prepays in full a consumer loan, refinancing, or  
 23 consolidation, regardless of whether the loan, refinancing, or  
 24 consolidation is precomputed;

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

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

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

29 (c) the loan finance charge earned at the time of prepayment is  
 30 less than the minimum loan finance charge contracted for under  
 31 this subsection.

32 (8) Except as provided in subsections (7) and (10)(c), in addition to  
 33 the loan finance charge provided for in this section and to any other  
 34 charges and fees permitted by this chapter, the lender may contract for  
 35 and receive a nonrefundable prepaid finance charge of not more than  
 36 fifty dollars (\$50) if the loan agreement is entered into before July 1,  
 37 2020, **and**, if the loan agreement is entered into after June 30, 2020, not  
 38 more than the following:

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

41 (b) One hundred fifty dollars (\$150) in the case of a loan  
 42 agreement for a principal amount which is more than two



1 thousand dollars (\$2,000) but does not exceed four thousand  
2 dollars (\$4,000).

3 (c) Two hundred dollars (\$200) in the case of a loan agreement  
4 for a principal amount which is more than four thousand dollars  
5 (\$4,000).

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

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

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

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

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

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

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

41 SECTION 9. IC 24-4.5-3-508.1 IS ADDED TO THE INDIANA  
42 CODE AS A NEW SECTION TO READ AS FOLLOWS





1 [EFFECTIVE JULY 1, 2022]: **Sec. 508.1. (1) This section applies to**  
 2 **a supervised loan entered into after June 30, 2022.**

3 **(2) Subject to subsections (4) and (5), with respect to a**  
 4 **supervised loan, other than a loan pursuant to a revolving loan**  
 5 **account, a supervised lender may contract for and receive the**  
 6 **following if the supervised loan meets all requirements set forth in**  
 7 **this section:**

8 **(a) A loan finance charge, calculated according to the**  
 9 **actuarial method, not exceeding thirty-six percent (36%) per**  
 10 **year on the unpaid balances of the principal (as defined in**  
 11 **section 107(3) of this chapter). The loan finance charge does**  
 12 **not include the fees and charges set forth in subdivisions (b)**  
 13 **through (e).**

14 **(b) A monthly maintenance fee that does not exceed thirteen**  
 15 **percent (13%) of the principal amount originally contracted**  
 16 **for, as long as the fee is not added to the unpaid balances of**  
 17 **the principal (as defined in section 107(3) of this chapter) that**  
 18 **are subject to the loan finance charge under subdivision (a).**

19 **(c) Delinquency charges permitted under section 203.5 of this**  
 20 **chapter.**

21 **(d) Charges permitted under section 202(1)(f) of this chapter**  
 22 **for returned payments of dishonored checks, electronic funds**  
 23 **transfers, negotiable orders of withdrawal, or share drafts**  
 24 **issued by the borrower.**

25 **(e) If the principal amount originally contracted for is at least**  
 26 **four hundred dollars (\$400), an underwriting fee not to exceed**  
 27 **fifty dollars (\$50).**

28 **No other charges are permitted in connection with a supervised**  
 29 **loan, including any charges for cashing the loan proceeds if the**  
 30 **proceeds are given in check form.**

31 **(3) The principal amount of a supervised loan may not exceed**  
 32 **two thousand five hundred dollars (\$2,500). The amount of two**  
 33 **thousand five hundred dollars (\$2,500) in this subdivision is subject**  
 34 **to change under IC 24-4.5-1-106.**

35 **(4) Notwithstanding any other law, a lender may not contract**  
 36 **for, charge, collect, or receive in connection with a supervised loan**  
 37 **made under this section a total amount of fees and charges over the**  
 38 **life of the loan, as disclosed in accordance with subsection 9(a), that**  
 39 **exceeds:**

40 **(a) seventy-five percent (75%) of the principal amount**  
 41 **originally contracted for, if the principal amount originally**  
 42 **contracted for is one thousand five hundred dollars (\$1,500)**



1 or less; or

2 (b) one hundred percent (100%) of the principal amount  
3 originally contracted for, if the principal amount originally  
4 contracted for is greater than one thousand five hundred  
5 dollars (\$1,500).

6 All fees and charges imposed in connection with the loan must be  
7 included in the calculation of the total amount of fees and charges  
8 under this subsection, except for delinquency charges described in  
9 subsection (2)(c) and charges for returned payments described in  
10 subsection (2)(d).

11 (5) A supervised loan made under this section must be an  
12 interest bearing loan payable in substantially equal installments  
13 consisting of:

14 (a) principal;

15 (b) the loan finance charge permitted under subsection (2)(a);  
16 and

17 (c) other permitted fees and charges under subsection (2);  
18 combined.

19 (6) A supervised loan may not be made for a term of:

20 (a) less than three (3) calendar months; or

21 (b) more than twenty-four (24) calendar months.

22 (7) Before making a supervised loan under this section, the  
23 lender shall make a reasonable attempt to verify the borrower's:

24 (a) gross monthly income, exclusive of any income other than  
25 gross pay received; or

26 (b) monthly funds actually received, net of taxes and other  
27 deductions;

28 including, at a minimum, obtaining from the borrower at least one  
29 (1) recent pay stub or other written evidence of the borrower's  
30 gross monthly income or net monthly funds received (as described  
31 in subsections (a) and (b), respectively), such as a bank statement.  
32 For purposes of this subsection, verification of a borrower's gross  
33 monthly income or net monthly funds received must include the  
34 lender's receipt of at least one (1) document that, when presented  
35 to the lender, is dated not earlier than ninety (90) days before the  
36 borrower's initiation of the loan transaction and not later than the  
37 time the loan is made.

38 (8) A supervised lender may not have more than one (1)  
39 supervised loan made under this section outstanding to the same  
40 borrower at any time. A supervised lender shall maintain a record  
41 of loan transactions for each borrower with whom the supervised  
42 lender has entered into a supervised loan transaction. A record



1 required by this subsection must include at least the following  
2 information:

3 (a) The name, address, and telephone number of the  
4 borrower.

5 (b) The date each payment is made under the loan and the due  
6 date of the payment.

7 (9) A supervised loan made under this section must be entered  
8 into under a written contract that sets forth the terms and  
9 conditions of the loan. The lender shall provide a copy of the loan  
10 contract to the borrower upon consummation of the loan  
11 transaction. The loan contract must disclose in a clear and concise  
12 manner the following:

13 (a) The total amount of fees and charges the borrower will be  
14 required to pay under the loan contract.

15 (b) The total amount of each payment, the due date for each  
16 payment, and the total number of payments the borrower will  
17 be required to make under the loan contract.

18 (c) The annual percentage rate, inclusive of monthly fees.

19 (d) The following notices in at least 10 point bold face type:

20 (i) "NOTICE TO THE BORROWER: This is a supervised  
21 loan made under IC 24-4.5-3-508.1, which allows lenders  
22 to charge higher than average rates if they follow certain  
23 consumer protection rules. INDIANA LAW PROHIBITS  
24 THIS LENDER AND ITS AFFILIATES FROM HAVING  
25 MORE THAN ONE SUCH LOAN OUTSTANDING TO  
26 YOU AT ANY TIME. A LENDER MAY NOT DIVIDE  
27 THE AMOUNT YOU BORROW INTO MULTIPLE  
28 LOANS."

29 (ii) "You have the right to rescind this loan by returning  
30 the principal amount originally contracted for to the  
31 lender not later than 5:00 p.m. on the second business day  
32 immediately following the day on which you enter into this  
33 contract."

34 (iii) "Electronic payment of amounts due under this  
35 contract is optional. You have the right to revoke or  
36 remove your authorization for electronic payment at any  
37 time."

38 Before consummation of the loan transaction, the lender must  
39 obtain the borrower's signature or initials next to each notice  
40 required under this subdivision.

41 (10) When a borrower enters into a supervised loan under this  
42 section, the lender shall provide the borrower with a pamphlet



1 approved by the department that describes:

2 (a) the availability of debt management and credit counseling  
3 services;

4 (b) the borrower's rights and responsibilities in the  
5 transaction; and

6 (c) the availability of the 211 telephone dialing code for access  
7 to human services information and referrals, including  
8 information on and referrals to governmental or nonprofit  
9 organizations that assist persons in paying for housing costs,  
10 utility bills, and food.

11 (11) A borrower may rescind, without penalty, a supervised loan  
12 transaction made under this section by:

13 (a) notifying the lender, in the manner prescribed by the  
14 lender under the loan contract, that the borrower wants to  
15 rescind the loan transaction; and

16 (b) returning to the lender the cash amount of the principal  
17 originally contracted for;

18 not later than 5:00 p.m. on the second business day immediately  
19 following the day on which the loan transaction is entered into.  
20 Upon receipt of the borrower's notice and the cash amount of the  
21 principal under this subsection, the lender shall return to the  
22 borrower any fees and charges collected by the lender in  
23 connection with the loan.

24 (12) A supervised lender shall not fail or refuse to accept cash  
25 or other good funds from the borrower, or from a third party on  
26 behalf of the borrower, for full or partial repayment of a  
27 supervised loan under this section. For purposes of this subsection,  
28 "good funds" includes:

29 (a) a certified check;

30 (b) a cashier's check;

31 (c) a bank check; or

32 (d) any other negotiable instrument;

33 with respect to which payment cannot be stopped by the paying  
34 party.

35 (13) The proceeds of a supervised loan made under this section  
36 may not be applied to any other loan made to the same borrower  
37 by the lender or by an affiliate of the lender. However, a lender or  
38 an affiliate of the lender may refinance a supervised loan made to  
39 a borrower under this section if the refinanced loan is also a  
40 supervised loan made under this section.

41 (14) With respect to a supervised loan transaction in which cash  
42 is advanced to the borrower in exchange for a personal check of



1 the borrower, the lender may not accept a check dated earlier than  
 2 the date of the first required loan payment as set forth in the loan  
 3 contract. Upon receipt of the check from the borrower, the lender  
 4 shall immediately stamp the back of the check with an  
 5 endorsement that states the following:

6 "Negotiated as part of a loan made under IC 24-4.5-3-508.1.  
 7 Holder takes this check subject to the claims and defenses of  
 8 the maker."

9 A supervised loan described in this subsection is not considered a  
 10 small loan subject to IC 24-4.5-7 if the supervised loan otherwise  
 11 complies with this section.

12 (15) A person shall not commit or cause to be committed any of  
 13 the following acts or practices in connection with a supervised loan  
 14 under this section:

15 (a) Using any device or agreement that would have the effect  
 16 of charging or collecting more fees, charges, or interest than  
 17 allowed by this section, including:

18 (i) entering into a different type of transaction with the  
 19 borrower;

20 (ii) entering into a sales/leaseback or rebate arrangement;

21 (iii) making catalog sales; or

22 (iv) entering into any other transaction with the borrower  
 23 or with any other person if the transaction is designed to  
 24 evade the applicability of this section.

25 (b) Including any of the following provisions in the loan  
 26 contract or in any loan document:

27 (i) A hold harmless clause.

28 (ii) A confession of judgment clause.

29 (iii) A provision in which the borrower agrees not to assert  
 30 a claim or defense arising out of the loan contract.

31 (iv) A provision by which a person acting on behalf of the  
 32 lender is treated as an agent of the borrower in connection  
 33 with the supervised loan.

34 (c) Accepting real or personal property, or any interest in  
 35 property, in connection with the loan other than a check, as  
 36 described in subsection (14).

37 (d) Drafting funds electronically from a borrower's account  
 38 without the borrower's express written authorization.

39 (e) Failing to stop attempts to draft funds electronically from  
 40 a borrower's account upon request from the borrower or the  
 41 borrower's agent.

42 (f) Attempting to draft funds electronically from a borrower's



- 1           account after four (4) consecutive attempts have failed, unless  
 2           the lender obtains new written authorization from the  
 3           borrower to transfer or withdraw funds electronically from  
 4           the borrower's account.
- 5           **This subsection does not prohibit the conversion of a negotiable  
 6           instrument into an electronic form for processing through the  
 7           automated clearing house system.**
- 8           **(16) In applying the provisions of this article on  
 9           unconscionability (IC 24-4.5-5-108 and IC 24-4.5-6-111) to a  
 10          supervised loan transaction made under this section, consideration  
 11          shall be given, among other factors, to the following:**
- 12           **(a) The ability of the borrower to repay the supervised loan  
 13          within the terms of the loan made under this section.**
- 14           **(b) Whether the borrower's original request as to the amount  
 15          and terms of the loan were within the limitations set forth in  
 16          this section.**
- 17           **(17) Any person that is not exempt from licensure under section  
 18          502 of this chapter and that:**
- 19           **(a) facilitates;**
- 20           **(b) enables; or**
- 21           **(c) acts as a conduit or agent for;**
- 22           **a third party that enters into a consumer loan that is subject to  
 23          both the loan finance charge described in subsection (2)(a) and the  
 24          monthly maintenance fee described in subsection (2)(b) is required  
 25          to obtain a license under section 502 of this chapter, regardless of  
 26          whether the third party is exempt from licensure under section 502  
 27          of this chapter.**
- 28           **(18) Regardless of whether a person is exempt under federal or  
 29          state law from:**
- 30           **(a) the finance charge limitation set forth in subsection (2)(a);**
- 31           **or**
- 32           **(b) licensure under section 502 of this chapter;**
- 33           **if the person enters into a supervised loan transaction under this  
 34          section, all other provisions of this section apply to both the person  
 35          and the loan transaction.**
- 36           **(19) A lender that makes at least one (1) supervised loan under  
 37          this chapter in Indiana during a calendar year shall remit the  
 38          following to the department at the time of license renewal under  
 39          section 503.6 of this chapter, if the lender is required to be licensed  
 40          under section 502 of this chapter, or at such other time as the  
 41          department prescribes, if the lender is exempt from licensure  
 42          under section 502 of this chapter:**



1 (a) An annual fee, paid separately from the required renewal  
 2 fee (if applicable), in the amount of two hundred fifty dollars  
 3 (\$250).

4 (b) An additional two hundred fifty dollars (\$250) per branch  
 5 location in Indiana from which the lender makes supervised  
 6 loans under this section, after the lender's first Indiana  
 7 location from which the lender makes supervised loans under  
 8 this chapter.

9 All amounts collected by the department under this subsection  
 10 shall be held in the consumer financial education fund established  
 11 by subsection (20) and shall be used exclusively, in the  
 12 department's discretion, for providing or supporting financial  
 13 education programs for the benefit of Indiana consumers. A lender  
 14 may not pass any part of the amounts required by this subsection  
 15 onto borrowers by imposing an additional charge in connection  
 16 with any supervised loan, or through any charge or fee authorized  
 17 under subsection (2).

18 (20) The consumer financial education fund is established for  
 19 the purpose of paying expenses incurred by the department in  
 20 administering subsection (19), and for paying all expenses incurred  
 21 and all compensation paid by the department relating to consumer  
 22 financial education. The following apply with respect to the fund:

23 (a) The department shall administer the fund.

24 (b) The fund consists of:

25 (i) money deposited in the fund under subsection (19); and

26 (ii) donations, gifts, and money received from any other  
 27 source.

28 (c) The expenses of administering the fund shall be paid from  
 29 money in the fund.

30 (d) The treasurer of state shall invest the money in the fund  
 31 not currently needed to meet the obligations of the fund in the  
 32 same manner as other public money may be invested. Interest  
 33 that accrues from these investments shall be deposited in the  
 34 fund.

35 (e) Money in the fund at the end of a state fiscal year does not  
 36 revert to the state general fund.

37 (f) Money in the fund is appropriated for the purpose set forth  
 38 in this subsection.

39 (21) Except for a person described in section 502(1) of this  
 40 chapter, a person that enters into at least one (1) supervised loan  
 41 transaction under this section in Indiana in any calendar year,  
 42 shall file with the department, at such time and in such manner as



1 the director may prescribe, a report concerning the person's  
 2 business and operations with respect to that calendar year. The  
 3 director shall prescribe the information to be included in the  
 4 report so as to enable the director to produce the analysis required  
 5 by subsection (22). The department may adopt rules under  
 6 IC 4-22-2 to implement this subsection, including emergency rules  
 7 in the manner provided under IC 4-22-2-37.1. Notwithstanding  
 8 IC 4-22-2-37.1(g), an emergency rule adopted by the department  
 9 under this subsection and in the manner provided under  
 10 IC 4-22-2-37.1 expires on the date on which a rule that supersedes  
 11 the emergency rule is adopted by the department under  
 12 IC 4-22-2-24 through IC 4-22-2-36.

13 (22) The director shall publish and make available to the public,  
 14 at least annually, an analysis of the information provided to the  
 15 department under subsection (21). The analysis must include the  
 16 following information with respect to the most recent calendar  
 17 year:

- 18 (a) The total number of supervised loan transactions entered  
 19 into.
- 20 (b) The total number of borrowers obligated under the loans  
 21 reported under subdivision (a).
- 22 (c) The average principal amount of the loans.
- 23 (d) The average contracted annual percentage rate of the  
 24 loans.
- 25 (e) The total amount of contracted finance charges under the  
 26 loans.
- 27 (f) The number of loans on which borrowers defaulted.
- 28 (g) The total number and total dollar value of charged off  
 29 loans. For purposes of this subdivision, "charged off loan"  
 30 means a loan with respect to which the lender has stopped  
 31 pursuing first party collection efforts.
- 32 (h) The total number and total dollar value of delinquency  
 33 charges (as authorized by subsection (2)(c)) incurred by  
 34 borrowers.

35 SECTION 10. IC 24-4.5-3-509 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 509. Use of Multiple  
 37 Agreements. — With respect to a consumer loan, no lender may permit  
 38 any person, or husband and wife, to become obligated in any way under  
 39 more than one loan agreement with the lender or with a person related  
 40 to the lender, with intent to obtain a higher rate of loan finance charge  
 41 than would otherwise be permitted by the provisions on loan finance  
 42 charge for supervised loans (~~IC 24-4.5-3-508~~) (section 508 of this





1 **chapter, for supervised loans made before July 1, 2022, or section**  
 2 **508.1 of this chapter, for supervised loans made after June 30,**  
 3 **2022),** or to avoid disclosure of an annual percentage rate pursuant to  
 4 the provisions on disclosure (Part 3). The excess amount of loan  
 5 finance charge provided for in agreements in violation of this section  
 6 is an excess charge for the purposes of the provisions on effect of  
 7 violations on rights of parties (IC 24-4.5-5-202) and the provisions on  
 8 civil actions by the department (IC 24-4.5-6-113).

9 SECTION 11. IC 24-4.5-3-510, AS AMENDED BY P.L.186-2015,  
 10 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2022]: Sec. 510. Restrictions on Interest in Land as Security  
 12 — (1) With respect to a supervised loan ~~in~~ **that is made before July**  
 13 **1, 2022, and with respect to** which the principal is four thousand  
 14 dollars (\$4,000) or less, a lender may not contract for an interest in land  
 15 as security. **With respect to a supervised loan that is made under**  
 16 **section 508.1 of this chapter after June 30, 2022, a lender may not**  
 17 **contract for an interest of land as security, as set forth in section**  
 18 **508.1(15)(c).** A security interest taken in violation of this section is  
 19 void.

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

25 SECTION 12. IC 24-4.5-3-511, AS AMENDED BY P.L.10-2019,  
 26 SECTION 107, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2022]: Sec. 511. Regular Schedule of  
 28 Payments; Maximum Loan Term — (1) **This section applies only to**  
 29 **a supervised loan that is made before July 1, 2022.** Supervised loans  
 30 not made pursuant to a revolving loan account and in which the  
 31 principal is four thousand dollars (\$4,000) or less are payable in a  
 32 single instalment or shall be scheduled to be payable in substantially  
 33 equal instalments that are payable at equal periodic intervals, except to  
 34 the extent that the schedule of payments is adjusted to the seasonal or  
 35 irregular income of the debtor, and:

36 (a) over a period of not more than thirty-seven (37) months if the  
 37 principal is more than three hundred dollars (\$300); or

38 (b) over a period of not more than twenty-five (25) months if the  
 39 principal is three hundred dollars (\$300) or less.

40 (2) The amounts of three hundred dollars (\$300) and four thousand  
 41 dollars (\$4,000) in subsection (1) are subject to change pursuant to the  
 42 provisions on adjustment of dollar amounts (IC 24-4.5-1-106).



1 However, notwithstanding IC 24-4.5-1-106(1), the Reference Base  
2 Index to be used with respect to the amount of:

3 (a) three hundred dollars (\$300) is the Index for October 1992;  
4 and

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

6 SECTION 13. IC 24-4.5-4-107, AS AMENDED BY P.L.85-2020,  
7 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2022]: Sec. 107. Maximum Charge by Creditor for Insurance  
9 - (1) **This section does not apply to a supervised loan that is made**  
10 **under IC 24-4.5-3-508.1 after June 30, 2022.** Except as provided in  
11 subsection (2), if a creditor contracts for or receives a separate charge  
12 for insurance, the amount charged to the debtor for the insurance may  
13 not exceed the premium to be charged by the insurer, as computed at  
14 the time the charge to the debtor is determined, conforming to any rate  
15 filings required by law and made by the insurer with the insurance  
16 commissioner.

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

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

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

29 (c) The unpaid balances of principal calculated according to the  
30 actuarial method.

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

32 SECTION 14. IC 24-4.5-7-102, AS AMENDED BY P.L.69-2018,  
33 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2022]: Sec. 102. (1) Except as otherwise provided, all  
35 provisions of this article applying to consumer loans, including  
36 IC 24-4.5-3-502.2, apply to small loans, as defined in this chapter.

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

40 (a) The making of small loans.

41 (b) Taking assignments of small loans.

42 (c) Undertaking the direct collection of payments from or the



- 1 enforcement of rights against debtors arising from small loans.  
 2 (3) Subject to subsection (4), a person that seeks licensure under  
 3 this chapter:  
 4 (a) shall apply to the department for a license in the form and  
 5 manner prescribed by the department; and  
 6 (b) is subject to the same licensure requirements and procedures  
 7 as an applicant for a license to make consumer loans (other than  
 8 mortgage transactions) under IC 24-4.5-3-502.  
 9 (4) A person that seeks to make, take assignments of, or undertake  
 10 the direct collection of payments from or the enforcement of rights  
 11 against debtors arising from both:  
 12 (a) small loans under this chapter; and  
 13 (b) consumer loans (other than mortgage transactions) that are not  
 14 small loans;  
 15 must obtain a separate license from the department for each type of  
 16 loan, as described in IC 24-4.5-3-502(5).  
 17 (5) This chapter applies to:  
 18 (a) a lender;  
 19 (b) a bank, savings association, credit union, or other state or  
 20 federally regulated financial institution except those that are  
 21 specifically exempt regarding limitations on interest rates and  
 22 fees; or  
 23 (c) a person, if the department determines that a transaction is:  
 24 (i) in substance a disguised loan; or  
 25 (ii) the application of subterfuge for the purpose of avoiding  
 26 this chapter.  
 27 (6) A loan that:  
 28 (a) does not qualify as a small loan under section 104 of this  
 29 chapter;  
 30 (b) is for a term shorter than that specified in section 401(1) of  
 31 this chapter; or  
 32 (c) is made in violation of section 201, 401, 402, 404, or 410 of  
 33 this chapter;  
 34 is subject to this article. The department may conform the loan finance  
 35 charge for a loan described in this subsection to the limitations set forth  
 36 in ~~IC 24-4.5-3-508(2)~~. **IC 24-4.5-3-201(1)(b)**.  
 37 (7) Notwithstanding IC 24-4.5-1-301.5, for purposes of subsection  
 38 (2), a person "regularly engages" in any of the activities described in  
 39 subsection (2) with respect to a small loan if the person:  
 40 (a) performed any of the activities described in subsection (2)  
 41 with respect to a small loan at least one (1) time in the preceding  
 42 calendar year; or



1 (b) performs or will perform any of the activities described in  
 2 subsection (2) with respect to a small loan at least one (1) time in  
 3 the current calendar year if the person did not perform any of the  
 4 activities described in subsection (2) with respect to a small loan  
 5 at least one (1) time in the preceding calendar year.

6 SECTION 15. IC 24-4.5-7-104, AS AMENDED BY P.L.216-2013,  
 7 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2022]: Sec. 104. (1) "Small loan" means a loan:

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

11 (b) in which the lender holds the borrower's check for a specific  
 12 period, or receives the borrower's written authorization to debit  
 13 the borrower's account (other than as a result of default) under an  
 14 agreement, either express or implied, for a specific period, before  
 15 the lender:

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

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

18 (2) The amount of five hundred fifty dollars (\$550) in subsection  
 19 (1)(a) is subject to change under the provisions on adjustment of dollar  
 20 amounts (IC 24-4.5-1-106). However, notwithstanding  
 21 IC 24-4.5-1-106(1), the Reference Base Index to be used under this  
 22 subsection is the Index for October 2006.

23 **(3) Notwithstanding:**

24 **(a) IC 24-4.5-3-508.1(3); and**

25 **(b) IC 24-4.5-3-508.1(14);**

26 **a supervised loan made under IC 24-4.5-3-508.1 after June 30,**  
 27 **2022, is not considered a small loan that is subject to this chapter**  
 28 **if the supervised loan is made in compliance with IC 24-4.5-3-508.1.**

29 SECTION 16. IC 24-4.5-7-411 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 411. Finance charges  
 31 made in compliance with this chapter are exempt from:

32 **(a) IC 24-4.5-3-508, in the case of a small loan made before**  
 33 **July 1, 2022;**

34 **(b) IC 24-4.5-3-508.1, in the case of a small loan made after**  
 35 **June 30, 2022; and**

36 **(c) IC 35-45-7.**

37 SECTION 17. IC 28-7-5-28 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 28. (a) The maximum  
 39 rate of interest charged by pawnbrokers shall be the same as the  
 40 maximum loan finance charge for supervised lenders under  
 41 ~~IC 24-4.5-3-508(2)~~. **consumer loans set forth in**  
 42 **IC 24-4.5-3-201(1)(b).** 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 18. 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, 2022]: 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(1)(b)**, commits loansharking, a Level 6 felony.  
 26 However, loansharking is a Level 5 felony if force or the threat of force  
 27 is used to collect or to attempt to collect any of the property loaned or  
 28 any of the consideration for the loan.

