



January 21, 2022

SENATE BILL No. 383

DIGEST OF SB 383 (Updated January 19, 2022 10:05 am - DI 140)

Citations Affected: IC 24-4.4; IC 24-4.5; IC 24-7; IC 24-12; IC 28-1; IC 28-7; IC 28-8; IC 28-10; IC 28-15.

Synopsis: Financial institutions and consumer credit. Provides that a reference to federal law in: (1) the first lien mortgage lending act; (2) the Uniform Consumer Credit Code (UCCC); or (3) the Indiana Code title governing financial institutions; is a reference to the law as in effect December 31, 2021 (versus December 31, 2020, under current law). Amends the provisions governing a change of control of the following entities regulated by the department of financial institutions (department) to require that the regulated entity provide to the department the required application for the proposed change in control at least 120 days before the anticipated date of closing of the acquisition: (1) First lien mortgage lenders. (2) Creditors licensed under the UCCC to make consumer loans. (3) Civil proceeding advance payment providers. (4) Debt management companies. (5) Pawnbrokers. (6) Money transmitters. (7) Check cashers. Authorizes the department to: (1) revoke or suspend the regulated entity's license; or (2) direct the acquiring entity to apply for a new license under applicable law; if either party fails to comply with the requirements for a change in control of the licensed entity. Amends the provisions in the UCCC governing authorized finance charges for consumer loans (other than supervised loans) and for supervised loans to specify that: (1) the entire section governing finance charges for consumer loans (other than supervised loans) does not apply to supervised loans; and (2) the loan finance charge for a supervised loan must be: (A) contracted for
(Continued next page)

Effective: Upon passage; July 1, 2022.

Bassler

January 11, 2022, read first time and referred to Committee on Insurance and Financial Institutions.
January 20, 2022, reported favorably — Do Pass.

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Digest Continued

between the lender and the debtor; and (B) calculated by applying a rate not exceeding the authorized rate to unpaid balances of the principal. Amends provisions in the UCCC concerning permitted additional charges for guaranteed asset protection (GAP) agreements for: (1) consumer credit sales; and (2) consumer loans; to specify that the average retail value for a used motor vehicle that is the subject of a GAP agreement is to be determined by using a third party valuation service provider customarily relied upon in the used motor vehicle commercial market (versus by using the National Automobile Dealers Association average retail value, under current law). Amends the statute concerning rental purchase agreements to authorize a lessor to charge an expedited payment service fee of \$3 for accepting an expedited payment from a lessee (versus a telephone payment fee of \$3 under current law) if certain conditions are met. Amends the Indiana Code section concerning the department's duties of confidentiality with respect to certain information concerning financial institutions to specify that those duties apply to all regulated entities licensed or registered with the department. Specifies that the required fidelity coverage for credit unions: (1) applies to those directors, officers, and employees of the credit union who have access to money or bonds of the credit union; and (2) must be approved annually by the credit union's board of directors as to the amount and form. Amends the statute governing money transmitters to: (1) provide that a "payment instrument" does not include a "stored value account"; and (2) remove the definition of "stored value account". Changes references to a "federal savings and loan association" to a "federal savings association" for purposes of the statute concerning mergers, consolidations, and conversions involving federal savings associations and savings associations chartered in Indiana, to specify that a federal savings association may convert into a savings association chartered in Indiana.

SB 383—LS 6690/DI 101



January 21, 2022

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. 383

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

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

- 1 SECTION 1. IC 24-4.4-1-102, AS AMENDED BY P.L.54-2021,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2022]: Sec. 102. (1) This article shall be liberally construed
4 and applied to promote its underlying purposes and policies.
5 (2) The underlying purposes and policies of this article are:
6 (a) to permit and encourage the development of fair and
7 economically sound first lien mortgage lending practices; and
8 (b) to conform the regulation of first lien mortgage lending
9 practices to applicable state and federal laws, rules, regulations,
10 policies, and guidance.
11 (3) A reference to a requirement imposed by this article includes
12 reference to a related rule of the department adopted under this article.
13 (4) A reference to a federal law in this article is a reference to the
14 law as in effect December 31, ~~2020~~ 2021.
15 SECTION 2. IC 24-4.4-2-406, AS AMENDED BY P.L.69-2018,

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1 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2022]: Sec. 406. (1) As used in this section, "control" means
3 possession of the power directly or indirectly to:

4 (a) direct or cause the direction of the management or policies of
5 a creditor, whether through the beneficial ownership of voting
6 securities, by contract, or otherwise; or

7 (b) vote at least twenty-five percent (25%) of the voting securities
8 of a creditor, whether the voting rights are derived through the
9 beneficial ownership of voting securities, by contract, or
10 otherwise.

11 (2) An organization or an individual acting directly, indirectly, or
12 through or in concert with one (1) or more other organizations or
13 individuals may not acquire control of any creditor unless the
14 department has received and approved an application for change in
15 control. **The creditor must provide an application for change in
16 control under this section to the department at least one hundred
17 twenty (120) days before the anticipated date of closing of the
18 acquisition.** The department has not more than one hundred twenty
19 (120) days after receipt of an application to issue a notice approving the
20 proposed change in control. The application must contain the name and
21 address of the organization, individual, or individuals who propose to
22 acquire control and any other information required by the director.

23 (3) The period for approval under subsection (2) may be extended:

24 (a) in the discretion of the director for an additional thirty (30)
25 days; and

26 (b) not more than two (2) additional times for not more than
27 forty-five (45) days each time if:

28 (i) the director determines that the organization, individual, or
29 individuals who propose to acquire control have not submitted
30 substantial evidence of the qualifications described in
31 subsection (4);

32 (ii) the director determines that any material information
33 submitted is substantially inaccurate; or

34 (iii) the director has been unable to complete the investigation
35 of the organization, individual, or individuals who propose to
36 acquire control because of any delay caused by or the
37 inadequate cooperation of the organization, individual, or
38 individuals.

39 (4) The department shall issue a notice approving the application
40 only after it is satisfied that both of the following apply:

41 (a) The organization, individual, or individuals who propose to
42 acquire control are qualified by competence, experience,



1 character, and financial responsibility to control and operate the
2 creditor in a legal and proper manner.

3 (b) The interests of the owners and creditors of the creditor and
4 the interests of the public generally will not be jeopardized by the
5 proposed change in control.

6 (5) The director may determine, in the director's discretion, that
7 subsection (2) does not apply to a transaction if the director determines
8 that the direct or beneficial ownership of the creditor will not change
9 as a result of the transaction.

10 (6) The president or other chief executive officer of a creditor shall
11 report to the director any transfer or sale of securities of the creditor
12 that results in direct or indirect ownership by a holder or an affiliated
13 group of holders of at least ten percent (10%) of the outstanding
14 securities of the creditor. The report required by this subsection must
15 be made not later than ten (10) days after the transfer of the securities
16 on the books of the creditor.

17 (7) Depending on the circumstances of the transaction, the director
18 may reserve the right to require the organization, individual, or
19 individuals who propose to acquire control of a creditor licensed by the
20 department to engage in mortgage transactions, to apply for a new
21 license under section 401 of this chapter, instead of acquiring control
22 of the licensee under this section.

23 **(8) If an organization or individual:**

24 **(a) acquires control of a creditor through a closing; or**

25 **(b) consummates acquisition of a creditor;**

26 **before obtaining approval from the department under this section,**
27 **or if either the creditor or the acquiring organization or individual**
28 **does not otherwise comply with this section, the director may, in**
29 **the director's discretion, revoke or suspend the creditor's license**
30 **under section 404 of this chapter, or may direct the acquiring**
31 **organization or individual to apply for a new license under section**
32 **401 of this chapter as set forth in subsection (7).**

33 SECTION 3. IC 24-4.5-1-102, AS AMENDED BY P.L.54-2021,
34 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2022]: Sec. 102. (1) This article shall be liberally construed
36 and applied to promote its underlying purposes and policies.

37 (2) The underlying purposes and policies of this article are:

38 (a) to simplify, clarify, and modernize the law governing retail
39 installment sales, consumer credit, small loans, and usury;

40 (b) to provide rate ceilings to assure an adequate supply of credit
41 to consumers;

42 (c) to further consumer understanding of the terms of credit



1 transactions and to foster competition among suppliers of
 2 consumer credit so that consumers may obtain credit at
 3 reasonable cost;

4 (d) to protect consumer buyers, lessees, and borrowers against
 5 unfair practices by some suppliers of consumer credit, having due
 6 regard for the interests of legitimate and scrupulous creditors;

7 (e) to permit and encourage the development of fair and
 8 economically sound consumer credit practices;

9 (f) to conform the regulation of consumer credit transactions to
 10 the policies of the Consumer Credit Protection Act (15 U.S.C.
 11 1601 et seq.) and to applicable state and federal laws, rules,
 12 regulations, policies, and guidance; and

13 (g) to make uniform the law, including administrative rules
 14 among the various jurisdictions.

15 (3) A reference to a requirement imposed by this article includes
 16 reference to a related rule or guidance of the department adopted
 17 pursuant to this article.

18 (4) A reference to a federal law in this article is a reference to the
 19 law as in effect December 31, ~~2020~~: **2021**.

20 (5) This article applies to a transaction if the director determines
 21 that the transaction:

22 (a) is in substance a disguised consumer credit transaction; or

23 (b) involves the application of subterfuge for the purpose of
 24 avoiding this article.

25 A determination by the director under this subsection must be in
 26 writing and shall be delivered to all parties to the transaction.
 27 IC 4-21.5-3 applies to a determination made under this subsection.

28 (6) The authority of this article remains in effect, whether a licensee,
 29 an individual, or a person subject to this article acts or claims to act
 30 under any licensing or registration law of this state, or claims to act
 31 without such authority.

32 (7) A violation of a state or federal law, regulation, or rule
 33 applicable to consumer credit transactions is a violation of this article.

34 (8) The department may enforce penalty provisions set forth in 15
 35 U.S.C. 1640 for violations of disclosure requirements applicable to
 36 mortgage transactions.

37 SECTION 4. IC 24-4.5-2-202, AS AMENDED BY P.L.69-2018,
 38 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2022]: Sec. 202. (1) In addition to the credit service charge
 40 permitted by this chapter, a seller may contract for and receive any of
 41 the following additional charges in connection with a consumer credit
 42 sale:



- 1 (a) Official fees and taxes.
2 (b) Charges for insurance as described in subsection (2).
3 (c) Notwithstanding provisions of the Consumer Credit Protection
4 Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for
5 other benefits, including insurance, conferred on the consumer, if
6 the benefits are of value to the consumer and if the charges are
7 reasonable in relation to the benefits, and are excluded as
8 permissible additional charges from the credit service charge.
9 With respect to any additional charge not specifically provided for
10 in this section, to be a permitted charge under this subsection the
11 seller must submit a written explanation of the charge to the
12 department indicating how the charge would be assessed and the
13 value or benefit to the consumer. Supporting documents may be
14 required by the department. The department shall determine
15 whether the charge would be of benefit to the consumer and is
16 reasonable in relation to the benefits.
17 (d) A charge not to exceed twenty-five dollars (\$25) for each
18 returned payment by a bank or other depository institution of a
19 dishonored check, electronic funds transfer, negotiable order of
20 withdrawal, or share draft issued by the consumer.
21 (e) Annual participation fees assessed in connection with a
22 revolving charge account. Annual participation fees must:
23 (i) be reasonable in amount;
24 (ii) bear a reasonable relationship to the seller's costs to
25 maintain and monitor the charge account; and
26 (iii) not be assessed for the purpose of circumvention or
27 evasion of this article, as determined by the department.
28 (f) A charge not to exceed twenty-five dollars (\$25) for a
29 skip-a-payment service, subject to the following:
30 (i) At the time of use of the service, the consumer must be
31 given written notice of the amount of the charge and must
32 acknowledge the amount in writing, including by electronic
33 signature.
34 (ii) A charge for a skip-a-payment service may not be assessed
35 with respect to a consumer credit sale subject to the provisions
36 on rebate upon prepayment that are set forth in section 210 of
37 this chapter.
38 (iii) A charge for a skip-a-payment service may not be
39 assessed with respect to any payment for which a delinquency
40 charge has been assessed under section 203.5 of this chapter.
41 (g) A charge not to exceed ten dollars (\$10) for an optional
42 expedited payment service, subject to the following:



- 1 (i) The charge may be assessed only upon request by the
 2 consumer to use the expedited payment service.
 3 (ii) The amount of the charge must be disclosed to the
 4 consumer at the time of the consumer's request to use the
 5 expedited payment service.
 6 (iii) The consumer must be informed that the consumer retains
 7 the option to make a payment by traditional means.
 8 (iv) The charge may not be established in advance, through
 9 any agreement with the consumer, as the expected method of
 10 payment.
 11 (v) The charge may not be assessed with respect to any
 12 payment for which a delinquency charge has been assessed
 13 under section 203.5 of this chapter.
 14 (h) A charge for a GAP agreement, subject to subsection (4).
 15 (2) An additional charge may be made for insurance written in
 16 connection with the sale, other than insurance protecting the seller
 17 against the consumer's default or other credit loss:
 18 (a) with respect to insurance against loss of or damage to
 19 property, or against liability, if the seller furnishes a clear and
 20 specific statement in writing to the consumer, setting forth the
 21 cost of the insurance if obtained from or through the seller and
 22 stating that the consumer may choose the person, subject to the
 23 seller's reasonable approval, through whom the insurance is to be
 24 obtained; and
 25 (b) with respect to consumer credit insurance providing life,
 26 accident, unemployment or other loss of income, or health
 27 coverage, if the insurance coverage is not a factor in the approval
 28 by the seller of the extension of credit and is clearly disclosed in
 29 writing to the consumer, and if, in order to obtain the insurance in
 30 connection with the extension of credit, the consumer gives
 31 specific, affirmative, written indication of the desire to do so after
 32 written disclosure of the cost.
 33 (3) With respect to a subordinate lien mortgage transaction, the
 34 following closing costs, if the costs are bona fide, reasonable in
 35 amount, and not for the purpose of circumvention or evasion of this
 36 article:
 37 (a) fees for title examination, abstract of title, title insurance,
 38 property surveys, or similar purposes;
 39 (b) fees for preparing deeds, mortgages, and reconveyance,
 40 settlement, and similar documents;
 41 (c) notary and credit report fees;
 42 (d) amounts required to be paid into escrow or trustee accounts if



- 1 the amounts would not otherwise be included in the credit service
2 charge; and
3 (e) appraisal fees.
- 4 (4) An additional charge may be made for a GAP agreement, subject
5 to the following:
- 6 (a) A GAP agreement or GAP coverage may not be required by
7 the seller, and that fact must be disclosed in writing to the
8 consumer.
- 9 (b) The charge for the initial term of coverage under the GAP
10 agreement must be disclosed in writing to the consumer. The
11 charge may be disclosed on a unit-cost basis only in the case of
12 the following transactions:
- 13 (i) Revolving charge accounts.
- 14 (ii) Closed-end credit transactions, if the request for coverage
15 is made by mail or telephone.
- 16 (iii) Closed-end credit transactions, if the GAP agreement
17 limits the total amount of indebtedness eligible for coverage.
- 18 (c) If the term of coverage under the GAP agreement is less than
19 the term of the consumer credit sale, the term of coverage under
20 the GAP agreement must be disclosed in writing to the consumer.
- 21 (d) The consumer must sign or initial an affirmative written
22 request for coverage after receiving all required disclosures.
- 23 (e) The GAP agreement must include the following:
- 24 (i) In the case of GAP coverage for a new motor vehicle, the
25 manufacturer's suggested retail price (MSRP) for the motor
26 vehicle.
- 27 (ii) In the case of GAP coverage for a used motor vehicle, the
28 ~~National Automobile Dealers Association (NADA)~~ average
29 retail value for the motor vehicle, **as determined by use of a**
30 **third party valuation service provider that is customarily**
31 **relied upon in the used motor vehicle commercial**
32 **marketplace.**
- 33 (iii) The name of the financing entity taking assignment of the
34 agreement.
- 35 (iv) The name and address of the consumer.
- 36 (v) The name of the creditor selling the agreement.
- 37 (vi) Information advising the consumer that the consumer may
38 be able to obtain similar coverage from the consumer's primary
39 insurance carrier.
- 40 (vii) A coverage provision that includes a minimum deductible
41 of five hundred dollars (\$500).
- 42 (viii) A provision providing for a minimum thirty (30) day



- 1 free-look period.
- 2 (ix) In the case of a consumer credit sale involving a motor
 3 vehicle, a provision excluding the sale of GAP coverage if the
 4 amount financed under the consumer credit sale (not including
 5 the cost of the GAP agreement, the cost of any credit
 6 insurance, and the cost of any warranties or service
 7 agreements) is less than eighty percent (80%) of the
 8 manufacturer's suggested retail price (MSRP), in the case of a
 9 new motor vehicle, or the ~~National Automobile Dealers~~
 10 ~~Association (NADA)~~ average retail value **(as determined by**
 11 **use of a third party valuation service provider that is**
 12 **customarily relied upon in the used motor vehicle**
 13 **commercial marketplace)**, in the case of a used motor
 14 vehicle.
- 15 (x) In the case of a GAP agreement in which the charge for the
 16 agreement exceeds four hundred dollars (\$400), specific
 17 instructions that may be used by the consumer to cancel the
 18 agreement and obtain a refund of the unearned GAP charge
 19 before prepayment in full, in accordance with the procedures,
 20 and subject to the conditions, set forth in subdivision (f).
- 21 (f) If the charge for the GAP agreement exceeds four hundred
 22 dollars (\$400), the consumer is entitled to cancel the agreement
 23 and obtain a refund of the unearned GAP charge before
 24 prepayment in full. Refunds of unearned GAP charges shall be
 25 made subject to the following conditions:
- 26 (i) A refund of the charge for a GAP agreement must be
 27 calculated using a method that is no less favorable to the
 28 consumer than a refund calculated on a pro rata basis.
- 29 (ii) The consumer is entitled to a refund of the unearned GAP
 30 agreement charge as outlined in the GAP agreement.
- 31 (iii) The seller of the GAP agreement is responsible for
 32 making a timely refund to the consumer of unearned GAP
 33 agreement charges under the terms and conditions of the GAP
 34 agreement.
- 35 (g) Upon prepayment in full of the consumer credit sale:
- 36 (i) the GAP coverage is automatically terminated; and
 37 (ii) the seller of the GAP agreement must issue a refund in
 38 accordance with subdivision (f).
- 39 (h) A creditor that sells GAP agreements must:
- 40 (i) insure its GAP agreement obligations under a contractual
 41 liability insurance policy issued by an insurer authorized to
 42 engage in the insurance business in Indiana; and



1 (ii) retain appropriate records, as required under this article,
2 regarding GAP agreements sold, refunded, and expired.

3 (5) As used in this section, "expedited payment service" means a
4 service offered to a consumer to ensure that a payment made by the
5 consumer with respect to a consumer credit sale will be reflected as
6 paid and posted on an expedited basis.

7 (6) As used in this section:

8 (a) "guaranteed asset protection agreement";

9 (b) "guaranteed auto protection agreement"; or

10 (c) "GAP agreement";

11 means, with respect to consumer credit sales involving motor vehicles
12 or other titled assets, an agreement in which the seller agrees to cancel
13 or waive all or part of the outstanding debt after all property insurance
14 benefits have been exhausted after the occurrence of a specified event.

15 (7) As used in this section, "skip-a-payment service" means a
16 service that:

17 (a) is offered by a creditor to a consumer; and

18 (b) permits the consumer to miss or skip a payment due under a
19 consumer credit sale without resulting in default.

20 SECTION 5. IC 24-4.5-3-201, AS AMENDED BY P.L.85-2020,
21 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 UPON PASSAGE]: Sec. 201. Loan Finance Charge for Consumer
23 Loans other than Supervised Loans—(1) **This section does not apply**
24 **to a supervised loan (as defined in section 501 of this chapter).**
25 Except as provided in subsections (7) and (9), with respect to a
26 consumer loan, ~~other than a supervised loan (as defined in section 501~~
27 ~~of this chapter)~~, a lender may contract for a loan finance charge,
28 calculated according to the actuarial method, not exceeding twenty-five
29 percent (25%) per year on the unpaid balances of the principal (as
30 defined in section 107(3) of this chapter).

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

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

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

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



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



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



- 1 consolidation is precomputed;
 2 (b) the loan, refinancing, or consolidation prepaid by the debtor
 3 is subject to a loan finance charge that:
 4 (i) is contracted for by the parties; and
 5 (ii) does not exceed the rate prescribed in subsection (1); and
 6 (c) the loan finance charge earned at the time of prepayment is
 7 less than the minimum loan finance charge contracted for under
 8 this subsection.
- 9 (8) The amount of thirty dollars (\$30) in subsection (7) is subject to
 10 change under the provisions on adjustment of dollar amounts (IC
 11 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
 12 Reference Base Index to be used under this subsection is the Index for
 13 October 1992.
- 14 (9) Except as provided in subsection (7), and subject to subsection
 15 (12), in addition to the loan finance charge authorized by subsection (1)
 16 and to any other charges and fees permitted by this chapter, a lender
 17 may contract for and receive a nonrefundable prepaid finance charge
 18 of not more than the following:
- 19 (a) In the case of a consumer loan that is secured by an interest in
 20 land and that:
 21 (i) is not made under a revolving loan account, two percent
 22 (2%) of the loan amount; or
 23 (ii) is made under a revolving loan account, two percent (2%)
 24 of the line of credit.
- 25 (b) In the case of consumer loan that is not secured by an interest
 26 in land, fifty dollars (\$50) if the loan agreement is entered into
 27 before July 1, 2020. If the loan agreement is entered into after
 28 June 30, 2020, not more than the following:
- 29 (i) Seventy-five dollars (\$75), in the case of a loan agreement
 30 for a principal amount which is two thousand dollars (\$2,000)
 31 or less.
 32 (ii) One hundred fifty dollars (\$150) in the case of a loan
 33 agreement for a principal amount which is more than two
 34 thousand dollars (\$2,000) but does not exceed four thousand
 35 dollars (\$4,000).
 36 (iii) Two hundred dollars (\$200) in the case of a loan
 37 agreement for a principal amount which is more than four
 38 thousand dollars (\$4,000).
- 39 The amounts in this subsection are not subject to change under
 40 IC 24-4.5-1-106.
- 41 (10) The nonrefundable prepaid finance charge provided for in
 42 subsection (9) is not subject to refund or rebate. However, for any loan



1 entered into after June 30, 2020, any amount charged by the lender,
 2 other than by a lender that is a depository institution (as defined in
 3 IC 24-4.5-1-301.5(12)), under subsection (9) that exceeds the
 4 applicable amount permitted by subsection (9)(b) constitutes a
 5 violation of this article under IC 24-4.5-6-107.5(1) and is subject to
 6 refund. Any amount charged by a depository institution (as defined in
 7 IC 24-4.5-1-301.5(12)) under subsection (9) that exceeds the applicable
 8 amount set forth in subsection (9)(b) is subject to refund.

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

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

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

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

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

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

- 32 (a) If the loan is paid in full by the new loan within three (3)
 33 months after the date of the prior loan, the lender may not charge
 34 a nonrefundable prepaid finance charge on the new loan, or, in the
 35 case of a revolving loan, on the increased credit line.
- 36 (b) The lender may not assess more than two (2) nonrefundable
 37 prepaid finance charges in any twelve (12) month period.
- 38 (c) Subject to subdivisions (a) and (b), if a loan that is entered
 39 into by a lender and a debtor before July 1, 2020, is paid in full by
 40 a new loan from the same lender after June 30, 2020, the lender
 41 may contract for and receive a nonrefundable prepaid finance
 42 charge in the amount set forth in subsection (9)(b) for loan



1 agreements entered into after June 30, 2020.

2 (14) In the case of a consumer loan that is secured by an interest in

3 land, this section does not prohibit a lender from contracting for and

4 receiving a fee for preparing deeds, mortgages, reconveyances, and

5 similar documents under section 202(1)(d)(ii) of this chapter, in

6 addition to the nonrefundable prepaid finance charge provided for in

7 subsection (9).

8 SECTION 6. IC 24-4.5-3-202, AS AMENDED BY P.L.280-2019,

9 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

10 JULY 1, 2022]: Sec. 202. (1) In addition to the loan finance charge

11 permitted by this chapter, a lender may contract for and receive the

12 following additional charges in connection with a consumer loan:

13 (a) Official fees and taxes.

14 (b) Charges for insurance as described in subsection (2).

15 (c) Annual participation fees assessed in connection with a

16 revolving loan account. Annual participation fees must:

17 (i) be reasonable in amount;

18 (ii) bear a reasonable relationship to the lender's costs to

19 maintain and monitor the loan account; and

20 (iii) not be assessed for the purpose of circumvention or

21 evasion of this article, as determined by the department.

22 (d) With respect to a debt secured by an interest in land, the

23 following closing costs, if they are bona fide, reasonable in

24 amount, and not for the purpose of circumvention or evasion of

25 this article:

26 (i) Fees for title examination, abstract of title, title insurance,

27 property surveys, or similar purposes.

28 (ii) Fees for preparing deeds, mortgages, and reconveyance,

29 settlement, and similar documents.

30 (iii) Notary and credit report fees.

31 (iv) Amounts required to be paid into escrow or trustee

32 accounts if the amounts would not otherwise be included in

33 the loan finance charge.

34 (v) Appraisal fees.

35 (e) Notwithstanding provisions of the Consumer Credit Protection

36 Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for

37 other benefits, including insurance, conferred on the debtor, if the

38 benefits are of value to the debtor and if the charges are

39 reasonable in relation to the benefits, and are excluded as

40 permissible additional charges from the loan finance charge. With

41 respect to any other additional charge not specifically provided

42 for in this section to be a permitted charge under this subsection,



1 the creditor must submit a written explanation of the charge to the
 2 department indicating how the charge would be assessed and the
 3 value or benefit to the debtor. Supporting documents may be
 4 required by the department. The department shall determine
 5 whether the charge would be of benefit to the debtor and is
 6 reasonable in relation to the benefits.

7 (f) A charge not to exceed twenty-five dollars (\$25) for each
 8 returned payment by a bank or other depository institution of a
 9 dishonored check, electronic funds transfer, negotiable order of
 10 withdrawal, or share draft issued by the debtor.

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

16 (h) With respect to a revolving loan account, a transaction fee that
 17 may not exceed the greater of the following:

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

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

20 (i) A charge not to exceed twenty-five dollars (\$25) for a
 21 skip-a-payment service, subject to the following:

22 (i) At the time of use of the service, the consumer must be
 23 given written notice of the amount of the charge and must
 24 acknowledge the amount in writing, including by electronic
 25 signature.

26 (ii) A charge for a skip-a-payment service may not be assessed
 27 with respect to a consumer loan subject to the provisions on
 28 rebate upon prepayment that are set forth in section 210 of this
 29 chapter.

30 (iii) A charge for a skip-a-payment service may not be
 31 assessed with respect to any payment for which a delinquency
 32 charge has been assessed under section 203.5 of this chapter.

33 (j) A charge not to exceed ten dollars (\$10) for an optional
 34 expedited payment service, subject to the following:

35 (i) The charge may be assessed only upon request by the
 36 consumer to use the expedited payment service.

37 (ii) The amount of the charge must be disclosed to the
 38 consumer at the time of the consumer's request to use the
 39 expedited payment service.

40 (iii) The consumer must be informed that the consumer retains
 41 the option to make a payment by traditional means.

42 (iv) The charge may not be established in advance, through



- 1 any agreement with the consumer, as the expected method of
- 2 payment.
- 3 (v) The charge may not be assessed with respect to any
- 4 payment for which a delinquency charge has been assessed
- 5 under section 203.5 of this chapter.
- 6 (k) A charge for a GAP agreement, subject to subsection (3).
- 7 (l) With respect to consumer loans made by a person exempt from
- 8 licensing under IC 24-4.5-3-502(1), a charge for a debt
- 9 cancellation agreement, subject to the following:
- 10 (i) A debt cancellation agreement or debt cancellation
- 11 coverage may not be required by the lender, and that fact must
- 12 be disclosed in writing to the consumer.
- 13 (ii) The charge for the initial term of coverage under the debt
- 14 cancellation agreement must be disclosed in writing to the
- 15 consumer. The charge may be disclosed on a unit-cost basis
- 16 only in the case of revolving loan accounts, closed-end credit
- 17 transactions if the request for coverage is made by mail or
- 18 telephone, and closed-end credit transactions if the debt
- 19 cancellation agreement limits the total amount of indebtedness
- 20 eligible for coverage.
- 21 (iii) If the term of coverage under the debt cancellation
- 22 agreement is less than the term of the consumer loan, the term
- 23 of coverage under the debt cancellation agreement must be
- 24 disclosed in writing to the consumer.
- 25 (iv) The consumer must sign or initial an affirmative written
- 26 request for coverage after receiving all required disclosures.
- 27 (v) If debt cancellation coverage for two (2) or more events is
- 28 provided for in a single charge under a debt cancellation
- 29 agreement, the entire charge may be excluded from the loan
- 30 finance charge and imposed as an additional charge under this
- 31 section if at least one (1) of the events is the loss of life, health,
- 32 or income.
- 33 The additional charges provided for in subdivisions (f) through (j) are
- 34 not subject to refund or rebate.
- 35 (2) An additional charge may be made for insurance in connection
- 36 with the loan, other than insurance protecting the lender against the
- 37 debtor's default or other credit loss:
- 38 (a) with respect to insurance against loss of or damage to property
- 39 or against liability, if the lender furnishes a clear and specific
- 40 statement in writing to the debtor, setting forth the cost of the
- 41 insurance if obtained from or through the lender and stating that
- 42 the debtor may choose the person, subject to the lender's



1 reasonable approval, through whom the insurance is to be
2 obtained; and

3 (b) with respect to consumer credit insurance providing life,
4 accident, unemployment or other loss of income, or health
5 coverage, if the insurance coverage is not a factor in the approval
6 by the lender of the extension of credit and this fact is clearly
7 disclosed in writing to the debtor, and if, in order to obtain the
8 insurance in connection with the extension of credit, the debtor
9 gives specific affirmative written indication of the desire to do so
10 after written disclosure of the cost of the insurance.

11 (3) An additional charge may be made for a GAP agreement, subject
12 to the following:

13 (a) A GAP agreement or GAP coverage may not be required by
14 the lender, and that fact must be disclosed in writing to the
15 consumer.

16 (b) The charge for the initial term of coverage under the GAP
17 agreement must be disclosed in writing to the consumer. The
18 charge may be disclosed on a unit-cost basis only in the case of
19 the following transactions:

20 (i) Revolving loan accounts.

21 (ii) Closed-end credit transactions, if the request for coverage
22 is made by mail or telephone.

23 (iii) Closed-end credit transactions, if the GAP agreement
24 limits the total amount of indebtedness eligible for coverage.

25 (c) If the term of coverage under the GAP agreement is less than
26 the term of the consumer loan, the term of coverage under the
27 GAP agreement must be disclosed in writing to the consumer.

28 (d) The consumer must sign or initial an affirmative written
29 request for coverage after receiving all required disclosures.

30 (e) The GAP agreement must include the following:

31 (i) In the case of GAP coverage for a new motor vehicle, the
32 manufacturer's suggested retail price (MSRP) for the motor
33 vehicle.

34 (ii) In the case of GAP coverage for a used motor vehicle, the
35 ~~National Automobile Dealers Association (NADA)~~ average
36 retail value for the motor vehicle, **as determined by use of a**
37 **third party valuation service provider that is customarily**
38 **relied upon in the used motor vehicle commercial**
39 **marketplace.**

40 (iii) The name of the financing entity taking assignment of the
41 agreement, as applicable.

42 (iv) The name and address of the consumer.



- 1 (v) The name of the lender selling the agreement.
- 2 (vi) Information advising the consumer that the consumer may
- 3 be able to obtain similar coverage from the consumer's primary
- 4 insurance carrier.
- 5 (vii) A coverage provision that includes a minimum deductible
- 6 of five hundred dollars (\$500).
- 7 (viii) A provision providing for a minimum thirty (30) day trial
- 8 period.
- 9 (ix) In the case of a consumer loan made with respect to a
- 10 motor vehicle, a provision excluding the sale of GAP coverage
- 11 if the amount financed under the consumer loan (not including
- 12 the cost of the GAP agreement, the cost of any credit
- 13 insurance, and the cost of any warranties or service
- 14 agreements) is less than eighty percent (80%) of the
- 15 manufacturer's suggested retail price (MSRP), in the case of a
- 16 new motor vehicle, or of the ~~National Automobile Dealers~~
- 17 ~~Association (NADA)~~ average retail value **(as determined by**
- 18 **use of a third party valuation service provider that is**
- 19 **customarily relied upon in the used motor vehicle**
- 20 **commercial marketplace)**, in the case of a used motor
- 21 vehicle.
- 22 (x) In the case of a GAP agreement in which the charge for the
- 23 agreement exceeds four hundred dollars (\$400), specific
- 24 instructions that may be used by the consumer to cancel the
- 25 agreement and obtain a refund of the unearned GAP charge
- 26 before prepayment in full, in accordance with the procedures,
- 27 and subject to the conditions, set forth in subdivision (f).
- 28 (f) If the charge for the GAP agreement exceeds four hundred
- 29 dollars (\$400), the consumer is entitled to cancel the agreement
- 30 and obtain a refund of the unearned GAP charge before
- 31 prepayment in full. Refunds of unearned GAP charges shall be
- 32 made subject to the following conditions:
- 33 (i) A refund of the charge for a GAP agreement must be
- 34 calculated using a method that is no less favorable to the
- 35 consumer than a refund calculated on a pro rata basis.
- 36 (ii) The consumer is entitled to a refund of the unearned GAP
- 37 agreement charge as outlined in the GAP agreement.
- 38 (iii) The seller of the GAP agreement, or the seller's assignee,
- 39 is responsible for making a timely refund to the consumer of
- 40 unearned GAP agreement charges under the terms and
- 41 conditions of the GAP agreement.
- 42 (g) Upon prepayment in full of the consumer loan:



- 1 (i) the GAP coverage is automatically terminated; and
- 2 (ii) the seller of the GAP agreement must issue a refund in
- 3 accordance with subdivision (f).
- 4 (h) A lender that sells GAP agreements must:
- 5 (i) insure its GAP agreement obligations under a contractual
- 6 liability insurance policy issued by an insurer authorized to
- 7 engage in the insurance business in Indiana; and
- 8 (ii) retain appropriate records, as required under this article,
- 9 regarding GAP agreements sold, refunded, and expired.
- 10 (4) As used in this section, "debt cancellation agreement" means an
- 11 agreement that provides coverage for payment or satisfaction of all or
- 12 part of a debt in the event of the loss of life, health, or income. The
- 13 term does not include a GAP agreement.
- 14 (5) As used in this section, "expedited payment service" means a
- 15 service offered to a consumer to ensure that a payment made by the
- 16 consumer with respect to a consumer loan will be reflected as paid and
- 17 posted on an expedited basis.
- 18 (6) As used in this section:
- 19 (a) "guaranteed asset protection agreement";
- 20 (b) "guaranteed auto protection agreement"; or
- 21 (c) "GAP agreement";
- 22 means, with respect to consumer loans involving motor vehicles or
- 23 other titled assets, an agreement in which the lender agrees to cancel
- 24 or waive all or part of the outstanding debt after all property insurance
- 25 benefits have been exhausted after the occurrence of a specified event.
- 26 (7) As used in this section, "skip-a-payment service" means a
- 27 service that:
- 28 (a) is offered by a lender to a consumer; and
- 29 (b) permits the consumer to miss or skip a payment due under a
- 30 consumer loan without resulting in default.
- 31 SECTION 7. IC 24-4.5-3-508, AS AMENDED BY P.L.85-2020,
- 32 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 33 UPON PASSAGE]: Sec. 508. Loan Finance Charge for Supervised
- 34 Loans – (1) With respect to a supervised loan, including a loan
- 35 pursuant to a revolving loan account, a supervised lender may contract
- 36 for and receive a loan finance charge not exceeding that permitted by
- 37 this section.
- 38 (2) The loan finance charge, calculated according to the actuarial
- 39 method, may not exceed the equivalent of the greater of:
- 40 (a) the total of:
- 41 (i) thirty-six percent (36%) per year on that part of the unpaid
- 42 balances of the principal (as defined in section 107(3) of this



- 1 chapter) which is two thousand dollars (\$2,000) or less;
 2 (ii) twenty-one percent (21%) per year on that part of the
 3 unpaid balances of the principal (as defined in section 107(3)
 4 of this chapter) which is more than two thousand dollars
 5 (\$2,000) but does not exceed four thousand dollars (\$4,000);
 6 and
 7 (iii) fifteen percent (15%) per year on that part of the unpaid
 8 balances of the principal (as defined in section 107(3) of this
 9 chapter) which is more than four thousand dollars (\$4,000); or
 10 (b) twenty-five percent (25%) per year on the unpaid balances of
 11 the principal (as defined in section 107(3) of this chapter).
 12 (3) In the case of a loan agreement entered into before July 1, 2020,
 13 this section does not limit or restrict the manner of contracting for the
 14 loan finance charge, whether by way of add-on, discount, or otherwise,
 15 so long as the rate of the loan finance charge does not exceed that
 16 permitted by this section. If the loan is precomputed:
 17 (a) the loan finance charge may be calculated on the assumption
 18 that all scheduled payments will be made when due; and
 19 (b) the effect of prepayment is governed by the provisions on
 20 rebate upon prepayment in section 210 of this chapter.
 21 After June 30, 2020, a loan agreement may not be entered into for a
 22 precomputed supervised loan. **The loan finance charge authorized by**
 23 **this section must be contracted for between the lender and the**
 24 **debtor, and must be calculated by applying a rate not exceeding the**
 25 **rate set forth in subsection (2) to unpaid balances of the principal**
 26 **(as defined in section 107(3) of this chapter).**
 27 (4) The term of a loan for the purposes of this section commences
 28 on the date the loan is made. Differences in the lengths of months are
 29 disregarded, and a day may be counted as one-thirtieth (1/30) of a
 30 month. Subject to classifications and differentiations the lender may
 31 reasonably establish, a part of a month in excess of fifteen (15) days
 32 may be treated as a full month if periods of fifteen (15) days or less are
 33 disregarded and that procedure is not consistently used to obtain a
 34 greater yield than would otherwise be permitted.
 35 (5) Subject to classifications and differentiations the lender may
 36 reasonably establish, the lender may make the same loan finance
 37 charge on all principal amounts within a specified range. A loan
 38 finance charge does not violate subsection (2) if:
 39 (a) when applied to the median amount within each range, it does
 40 not exceed the maximum permitted in subsection (2); and
 41 (b) when applied to the lowest amount within each range, it does
 42 not produce a rate of loan finance charge exceeding the rate



- 1 calculated according to subdivision (a) by more than eight percent
2 (8%) of the rate calculated according to subdivision (a).
- 3 (6) The amounts of two thousand dollars (\$2,000) and four thousand
4 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection
5 (7) are subject to change pursuant to the provisions on adjustment of
6 dollar amounts (IC 24-4.5-1-106). However, notwithstanding
7 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars
8 (\$30), the Reference Base Index to be used is the Index for October
9 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the
10 amounts of two thousand dollars (\$2,000) and four thousand dollars
11 (\$4,000), the Reference Base Index to be used is the Index for October
12 2012.
- 13 (7) With respect to a supervised loan not made pursuant to a
14 revolving loan account, the lender may contract for and receive a
15 minimum loan finance charge of not more than thirty dollars (\$30). The
16 minimum loan finance charge allowed under this subsection may be
17 imposed only if the lender does not assess a nonrefundable prepaid
18 finance charge under subsection (8) and:
- 19 (a) the debtor prepays in full a consumer loan, refinancing, or
20 consolidation, regardless of whether the loan, refinancing, or
21 consolidation is precomputed;
- 22 (b) the loan, refinancing, or consolidation prepaid by the debtor
23 is subject to a loan finance charge that:
- 24 (i) is contracted for by the parties; and
25 (ii) does not exceed the rate prescribed in subsection (2); and
26 (c) the loan finance charge earned at the time of prepayment is
27 less than the minimum loan finance charge contracted for under
28 this subsection.
- 29 (8) Except as provided in subsections (7) and (10)(c), in addition to
30 the loan finance charge provided for in this section and to any other
31 charges and fees permitted by this chapter, the lender may contract for
32 and receive a nonrefundable prepaid finance charge of not more than
33 fifty dollars (\$50) if the loan agreement is entered into before July 1,
34 2020. If the loan agreement is entered into after June 30, 2020, not
35 more than the following:
- 36 (a) Seventy-five dollars (\$75), in the case of a loan agreement for
37 a principal amount which is two thousand dollars (\$2,000) or less.
38 (b) One hundred fifty dollars (\$150) in the case of a loan
39 agreement for a principal amount which is more than two
40 thousand dollars (\$2,000) but does not exceed four thousand
41 dollars (\$4,000).
42 (c) Two hundred dollars (\$200) in the case of a loan agreement



1 for a principal amount which is more than four thousand dollars
2 (\$4,000).

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

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

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

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

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

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

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

38 SECTION 8. IC 24-4.5-3-515, AS AMENDED BY P.L.6-2012,
39 SECTION 167, IS AMENDED TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 2022]: Sec. 515. (1) As used in this section,
41 "control" means possession of the power directly or indirectly to:

42 (a) direct or cause the direction of the management or policies of



1 a creditor, whether through the beneficial ownership of voting
2 securities, by contract, or otherwise; or

3 (b) vote at least twenty-five percent (25%) of the voting securities
4 of a creditor, whether the voting rights are derived through the
5 beneficial ownership of voting securities, by contract, or
6 otherwise.

7 (2) An organization or an individual acting directly, indirectly, or
8 through or in concert with one (1) or more other organizations or
9 individuals may not acquire control of any creditor unless the
10 department has received and approved an application for change in
11 control. **The creditor must provide an application for change in**
12 **control under this section to the department at least one hundred**
13 **twenty (120) days before the anticipated date of closing of the**
14 **acquisition.** The department has not more than one hundred twenty
15 (120) days after receipt of an application to issue a notice approving the
16 proposed change in control. The application must contain the name and
17 address of the organization, individual, or individuals who propose to
18 acquire control and any other information required by the director.

19 (3) The period for approval under subsection (2) may be extended:

20 (a) in the discretion of the director for an additional thirty (30)
21 days; and

22 (b) not more than two (2) additional times for not more than
23 forty-five (45) days each time if:

24 (i) the director determines that the organization, individual, or
25 individuals who propose to acquire control have not submitted
26 substantial evidence of the qualifications described in
27 subsection (4);

28 (ii) the director determines that any material information
29 submitted is substantially inaccurate; or

30 (iii) the director has been unable to complete the investigation
31 of the organization, individual, or individuals who propose to
32 acquire control because of any delay caused by or the
33 inadequate cooperation of the organization, individual, or
34 individuals.

35 (4) The department shall issue a notice approving the application
36 only after the department is satisfied that both of the following apply:

37 (a) The organization, individual, or individuals who propose to
38 acquire control are qualified by competence, experience,
39 character, and financial responsibility to control and operate the
40 creditor in a legal and proper manner.

41 (b) The interests of the owners and creditors of the creditor and
42 the interests of the public generally will not be jeopardized by the



1 proposed change in control.
 2 (5) The director may determine, in the director's discretion, that
 3 subsection (2) does not apply to a transaction if the director determines
 4 that the direct or beneficial ownership of the creditor will not change
 5 as a result of the transaction.
 6 (6) The president or other chief executive officer of a creditor shall
 7 report to the director any transfer or sale of securities of the creditor
 8 that results in direct or indirect ownership by a holder or an affiliated
 9 group of holders of at least ten percent (10%) of the outstanding
 10 securities of the creditor. The report required by this subsection must
 11 be made not later than ten (10) days after the transfer of the securities
 12 on the books of the creditor.
 13 (7) Depending on the circumstances of the transaction, the director
 14 may reserve the right to require the organization, individual, or
 15 individuals who propose to acquire control of a creditor licensed under
 16 this article to apply for a new license under section 503 of this chapter,
 17 instead of acquiring control of the licensee under this section.
 18 **(8) If an organization or individual:**
 19 **(a) acquires control of a creditor through a closing; or**
 20 **(b) consummates acquisition of a creditor;**
 21 **before obtaining approval from the department under this section,**
 22 **or if either the creditor or the acquiring organization or individual**
 23 **does not otherwise comply with this section, the director may, in**
 24 **the director's discretion, revoke or suspend the creditor's license**
 25 **under section 504 of this chapter, or may direct the acquiring**
 26 **organization or individual to apply for a new license under section**
 27 **503 of this chapter as set forth in subsection (7).**
 28 SECTION 9. IC 24-7-3-3, AS AMENDED BY P.L.69-2018,
 29 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2022]: Sec. 3. The lessor shall disclose the following:
 31 (1) A brief description of the property sufficient to identify the
 32 property to the lessee and lessor.
 33 (2) The total number, total amount, and timing of all rental
 34 payments necessary to acquire ownership of the property,
 35 including:
 36 (A) any initial payment, less any:
 37 (i) optional liability waiver fees under IC 24-7-5-11; ~~and~~
 38 (ii) optional products and services offered
 39 contemporaneously with the rental purchase agreement
 40 under IC 24-7-8-6; **and**
 41 **(iii) security deposit, if required;**
 42 (B) all regular rental payments; and



- 1 (C) taxes paid to or through the lessor.
- 2 (3) A statement that the lessee will not own the property until the
- 3 lessee has:
- 4 (A) made all regular rental payments, as well as any initial
- 5 rental payment, necessary to acquire ownership of the
- 6 property; or
- 7 (B) exercised an early purchase option.
- 8 (4) A statement that charges in addition to the total rental
- 9 payments necessary to acquire ownership of the leased property
- 10 may be imposed under the agreement and that the lessee should
- 11 read the contract for an explanation of these charges.
- 12 (5) A brief explanation of all additional charges that may be
- 13 imposed under the agreement. If a security deposit is required, the
- 14 explanation must include an explanation of the conditions under
- 15 which the deposit will be returned to the lessee.
- 16 (6) A statement indicating who is responsible for property if it is
- 17 lost, stolen, damaged, or destroyed.
- 18 (7) A statement indicating that the value of lost, stolen, damaged,
- 19 or destroyed property is its fair market value on the date that it is
- 20 lost, stolen, damaged, or destroyed.
- 21 (8) A statement indicating whether the property is new or used.
- 22 However, property that is new may be described as used.
- 23 (9) A statement that the lessee has an early purchase option to
- 24 purchase the property at any time during the period that the rental
- 25 purchase agreement is in effect. The statement must specify the
- 26 price or the formula or other method for determining the price at
- 27 which the property may be purchased.
- 28 (10) A brief explanation of the lessee's right to reinstate a rental
- 29 purchase agreement and a description of the amount, or method
- 30 of determining the amount, of any penalty or other charge
- 31 applicable under IC 24-7-5 to the reinstatement of a rental
- 32 purchase agreement.
- 33 (11) An itemization of all charges and fees included in any initial
- 34 rental payment.
- 35 SECTION 10. IC 24-7-5-12, AS AMENDED BY P.L.159-2020,
- 36 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 37 JULY 1, 2022]: Sec. 12. **(a) As used in this section, "expedited**
- 38 **payment service" means a service offered to a lessee to ensure that**
- 39 **a payment made by the lessee with respect to a rental purchase**
- 40 **agreement will be reflected as paid and posted on an expedited**
- 41 **basis.**
- 42 **(a) (b) A lessor may contract for and receive a fee for accepting**



1 rental payments by telephone an expedited payment in connection
 2 with a rental purchase agreement, if all of the following conditions are
 3 met:

4 (1) The fee is **may be** assessed only upon request by the lessee for
 5 the underlying payment by telephone to use the expedited
 6 payment service.

7 (2) The payment by telephone service is fee may not be
 8 established in advance, under the rental purchase through any
 9 agreement or otherwise, with the lessee, as the expected method
 10 for making rental payments under the rental purchase agreement.
 11 of payment.

12 (3) The expedited payment service fee does may not exceed
 13 three dollars (\$3).

14 (4) The lessee must be informed that the lessee retains the right
 15 option to make rental payments by a payment methods in
 16 connection with which no additional fee would be assessed or
 17 incurred (including in-person payments and payments by mail) as
 18 a result of such alternative payment methods: by traditional
 19 means without an associated fee.

20 (5) The amount of the fee is contracted for and must be
 21 disclosed by the lessor in the rental purchase agreement: to the
 22 lessee at the time of the lessee's request to use the expedited
 23 payment fee service.

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

26 (A) the amount of the fee;

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

30 (C) the alternative payment methods offered by the lessor in
 31 connection with which no additional fee would be assessed or
 32 incurred:

33 (7) The lessor's books and records provide an audit trail sufficient
 34 to allow the department and its examiners to confirm the lessee's
 35 compliance with the conditions listed in subdivisions (1) through
 36 (6):

37 (6) The fee may not be assessed with respect to any payment
 38 for which a late charge or delinquency fee has been assessed
 39 under section 5 of this chapter.

40 (b) A fee may not be charged under this section unless there is
 41 interaction between a live employee or representative of the lessor and
 42 the lessee:



1 SECTION 11. IC 24-7-7-1, AS AMENDED BY P.L.69-2018,
 2 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2022]: Sec. 1. (a) The department shall enforce this article. To
 4 carry out this responsibility, the department may do the following:

5 (1) Receive and act on complaints, take action designed to obtain
 6 voluntary compliance with this article, or commence proceedings
 7 on the department's own initiative.

8 (2) Issue and enforce administrative orders under IC 4-21.5.

9 (3) Counsel persons and groups on their rights and duties under
 10 this article.

11 (4) Establish programs for the education of consumers with
 12 respect to rental purchase agreement practices and problems.

13 (5) Make studies appropriate to effectuate the purposes and
 14 policies of this article and make the results available to the public.

15 (6) Adopt rules under IC 4-22-2, including emergency rules under
 16 IC 4-22-2-37.1, to carry out this article.

17 (7) Maintain more than one (1) office within Indiana.

18 (8) Bring a civil action to restrain a person from violating this
 19 article and for other appropriate relief, and exercise the same
 20 enforcement powers provided under IC 24-4.5-6-108.

21 **(9) Require a lessor to refund to the lessee any overcharges**
 22 **resulting from the lessor's noncompliance with:**

23 **(A) the terms of a rental purchase agreement; or**

24 **(B) this article, or any order or rule issued or adopted by**
 25 **the department under this article.**

26 (b) If the department determines, after notice and an opportunity to
 27 be heard, that a person has violated this article, **or any order or rule**
 28 **issued or adopted by the department under this article**, the
 29 department may, in addition to or instead of all other remedies
 30 available under this section, impose upon the person a civil penalty not
 31 greater than ten thousand dollars (\$10,000) per violation.

32 SECTION 12. IC 24-12-9-12, AS ADDED BY P.L.176-2019,
 33 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2022]: Sec. 12. (a) As used in this section, "control" means
 35 possession of the power directly or indirectly to:

36 (1) direct or cause the direction of the management or policies of
 37 a CPAP provider, whether through the beneficial ownership of
 38 voting securities, by contract, or otherwise; or

39 (2) vote at least twenty-five percent (25%) of the voting securities
 40 of a CPAP provider, whether the voting rights are derived through
 41 the beneficial ownership of voting securities, by contract, or
 42 otherwise.



1 (b) An organization or an individual acting directly, indirectly, or
 2 through or in concert with one (1) or more other organizations or
 3 individuals may not acquire control of any CPAP provider unless the
 4 department has received and approved an application for change in
 5 control. **The CPAP provider must provide an application for**
 6 **change in control under this section to the department at least one**
 7 **hundred twenty (120) days before the anticipated date of closing of**
 8 **the acquisition.** The department has not more than one hundred twenty
 9 (120) days after receipt of an application to issue a notice approving the
 10 proposed change in control. The application must contain the name and
 11 address of the organization, individual, or individuals who propose to
 12 acquire control and any other information required by the director.

13 (c) The period for approval under subsection (b) may be extended:

14 (1) in the discretion of the director for an additional thirty (30)
 15 days; and

16 (2) not more than two (2) additional times for not more than
 17 forty-five (45) days each time if:

18 (A) the director determines that the organization, individual,
 19 or individuals who propose to acquire control have not
 20 submitted substantial evidence of the qualifications described
 21 in subsection (d);

22 (B) the director determines that any material information
 23 submitted is substantially inaccurate; or

24 (C) the director has been unable to complete the investigation
 25 of the organization, individual, or individuals who propose to
 26 acquire control because of any delay caused by or the
 27 inadequate cooperation of the organization, individual, or
 28 individuals.

29 (d) The department shall issue a notice approving the application
 30 only after the department is satisfied that both of the following apply:

31 (1) The organization, individual, or individuals who propose to
 32 acquire control are qualified by competence, experience,
 33 character, and financial responsibility to control and operate the
 34 CPAP provider in a legal and proper manner.

35 (2) The interests of the owners and creditors of the CPAP
 36 provider and the interests of the public generally will not be
 37 jeopardized by the proposed change in control.

38 (e) The director may determine, in the director's discretion, that
 39 subsection (b) does not apply to a transaction if the director determines
 40 that the direct or beneficial ownership of the CPAP provider will not
 41 change as a result of the transaction.

42 (f) The president or other chief executive officer of a CPAP provider



1 shall report to the director any transfer or sale of securities of the CPAP
 2 provider that results in direct or indirect ownership by a holder or an
 3 affiliated group of holders of at least ten percent (10%) of the
 4 outstanding securities of the CPAP provider. The report required by
 5 this subsection must be made not later than ten (10) days after the
 6 transfer of the securities on the books of the CPAP provider.

7 (g) Depending on the circumstances of the transaction, the director
 8 may reserve the right to require the organization, individual, or
 9 individuals who propose to acquire control of a CPAP provider
 10 licensed under this article to apply for a new license under this chapter,
 11 instead of acquiring control of the licensee under this section.

12 **(h) If an organization or individual:**

13 **(1) acquires control of a CPAP provider through a closing;**

14 **or**

15 **(2) consummates acquisition of a CPAP provider;**

16 **before obtaining approval from the department under this section,**
 17 **or if either the CPAP provider or the acquiring organization or**
 18 **individual does not otherwise comply with this section, the director**
 19 **may, in the director's discretion, revoke or suspend the CPAP**
 20 **provider's license under section 10 of this chapter, or may direct**
 21 **the acquiring organization or individual to apply for a new license**
 22 **under this chapter as set forth in subsection (g).**

23 SECTION 13. IC 28-1-2-30, AS AMENDED BY P.L.136-2018,
 24 SECTION 205, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE UPON PASSAGE]: Sec. 30. **(a) As used in this section,**
 26 **"financial institution" means any bank, trust company, corporate**
 27 **fiduciary, savings association, credit union, savings bank, bank of**
 28 **discount and deposit, or industrial loan and investment company**
 29 **organized or reorganized under the laws of this state, and includes**
 30 **licensees and registrants under IC 24-4.4, IC 24-4.5, IC 24-7,**
 31 **IC 24-12, IC 28-1-29, IC 28-7-5, IC 28-8-4, IC 28-8-5, and 750**
 32 **IAC 9.**

33 **(b) Except as otherwise provided, a member of the department or**
 34 **the director or deputy, assistant, or any other person having access to**
 35 **any such information may not disclose to any person, other than**
 36 **officially to the department, by the report made to it, or to the board of**
 37 **directors, partners, or owners, or in compliance with the order of a**
 38 **court, the names of the depositors or shareholders in any financial**
 39 **institution, or the amount of money on deposit in any financial**
 40 **institution at any time in favor of any depositor, or any other**
 41 **information concerning the affairs of any such financial institution.**

42 SECTION 14. IC 28-1-29-3.1, AS AMENDED BY P.L.6-2012,



1 SECTION 193, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2022]: Sec. 3.1. (a) As used in this section,
 3 "control" means possession of the power directly or indirectly to:

4 (1) direct or cause the direction of the management or policies of
 5 a licensee, whether through the beneficial ownership of voting
 6 securities, by contract, or otherwise; or

7 (2) vote at least twenty-five percent (25%) of the voting securities
 8 of a licensee, whether the voting rights are derived through the
 9 beneficial ownership of voting securities, by contract, or
 10 otherwise.

11 (b) An organization or an individual acting directly, indirectly, or
 12 through or in concert with one (1) or more other organizations or
 13 individuals may not acquire control of any licensee unless the
 14 department has received and approved an application for change in
 15 control. **The licensee must provide an application for change in**
 16 **control under this section to the department at least one hundred**
 17 **twenty (120) days before the anticipated date of closing of the**
 18 **acquisition.** The department has not more than one hundred twenty
 19 (120) days after receipt of an application to issue a notice approving the
 20 proposed change in control. The application must contain the name and
 21 address of the organization, individual, or individuals who propose to
 22 acquire control and any other information required by the director.

23 (c) The period for approval under subsection (b) may be extended:

24 (1) in the discretion of the director for an additional thirty (30)
 25 days; and

26 (2) not more than two (2) additional times for not more than
 27 forty-five (45) days each time if:

28 (A) the director determines that the organization, individual,
 29 or individuals who propose to acquire control have not
 30 submitted substantial evidence of the qualifications described
 31 in subsection (d);

32 (B) the director determines that any material information
 33 submitted is substantially inaccurate; or

34 (C) the director has been unable to complete the investigation
 35 of the organization, individual, or individuals who propose to
 36 acquire control because of any delay caused by or the
 37 inadequate cooperation of the organization, individual, or
 38 individuals.

39 (d) The department shall issue a notice approving the application
 40 only after it is satisfied that both of the following apply:

41 (1) The organization, individual, or individuals who propose to
 42 acquire control are qualified by competence, experience,



1 character, and financial responsibility to control and operate the
2 licensee in a legal and proper manner.

3 (2) The interests of the owners and creditors of the licensee and
4 the interests of the public generally will not be jeopardized by the
5 proposed change in control.

6 (e) The director may determine, in the director's discretion, that
7 subsection (b) does not apply to a transaction if the director determines
8 that the direct or beneficial ownership of the licensee will not change
9 as a result of the transaction.

10 (f) The president or other chief executive officer of a licensee shall
11 report to the director any transfer or sale of securities of the licensee
12 that results in direct or indirect ownership by a holder or an affiliated
13 group of holders of at least ten percent (10%) of the outstanding
14 securities of the licensee. The report required by this subsection must
15 be made not later than ten (10) days after the transfer of the securities
16 on the books of the licensee.

17 (g) Depending on the circumstances of the transaction, the director
18 may reserve the right to require the organization, individual, or
19 individuals who propose to acquire control of a licensee to apply for a
20 new license under section 3 of this chapter, instead of acquiring control
21 of the licensee under this section.

22 **(h) If an organization or individual:**

23 **(1) acquires control of a licensee through a closing; or**

24 **(2) consummates acquisition of a licensee;**

25 **before obtaining approval from the department under this section,**
26 **or if either the licensee or the acquiring organization or individual**
27 **does not otherwise comply with this section, the director may, in**
28 **the director's discretion, revoke or suspend the licensee's license**
29 **under section 4 of this chapter, or may direct the acquiring**
30 **organization or individual to apply for a new license under section**
31 **3 of this chapter as set forth in subsection (g).**

32 SECTION 15. IC 28-7-1-31, AS AMENDED BY P.L.35-2010,
33 SECTION 167, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2022]: Sec. 31. Every credit union shall make
35 provisions for adequate fidelity coverage for **all** directors, officers, and
36 employees **having access to money or bonds** of the credit union. The
37 amount and form of fidelity coverage must be approved **annually** by
38 the board of directors of the credit union. Coverage may be provided:

39 (1) in the form of a blanket fidelity bond issued by a corporate
40 surety authorized to transact business in Indiana; or

41 (2) through the establishment of a separate reserve fund within
42 the credit union for that purpose.



1 SECTION 16. IC 28-7-5-9.1, AS AMENDED BY P.L.6-2012,
 2 SECTION 197, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2022]: Sec. 9.1. (a) As used in this section,
 4 "control" means possession of the power directly or indirectly to:

5 (1) direct or cause the direction of the management or policies of
 6 a licensee, whether through the beneficial ownership of voting
 7 securities, by contract, or otherwise; or

8 (2) vote at least twenty-five percent (25%) of the voting securities
 9 of a licensee, whether the voting rights are derived through the
 10 beneficial ownership of voting securities, by contract, or
 11 otherwise.

12 (b) An organization or an individual acting directly, indirectly, or
 13 through or in concert with one (1) or more other organizations or
 14 individuals may not acquire control of any licensee unless the
 15 department has received and approved an application for change in
 16 control. **The licensee must provide an application for change in**
 17 **control under this section to the department at least one hundred**
 18 **twenty (120) days before the anticipated date of closing of the**
 19 **acquisition.** The department has not more than one hundred twenty
 20 (120) days after receipt of an application to issue a notice approving the
 21 proposed change in control. The application must contain the name and
 22 address of the organization, individual, or individuals who propose to
 23 acquire control and any other information required by the director.

24 (c) The period for approval under subsection (b) may be extended:

25 (1) in the discretion of the director for an additional thirty (30)
 26 days; and

27 (2) not more than two (2) additional times for not more than
 28 forty-five (45) days each time if:

29 (A) the director determines that the organization, individual,
 30 or individuals who propose to acquire control have not
 31 submitted substantial evidence of the qualifications described
 32 in subsection (d);

33 (B) the director determines that any material information
 34 submitted is substantially inaccurate; or

35 (C) the director has been unable to complete the investigation
 36 of the organization, individual, or individuals who propose to
 37 acquire control because of any delay caused by or the
 38 inadequate cooperation of the organization, individual, or
 39 individuals.

40 (d) The department shall issue a notice approving the application
 41 only after it is satisfied that both of the following apply:

42 (1) The organization, individual, or individuals who propose to



1 acquire control are qualified by competence, experience,
2 character, and financial responsibility to control and operate the
3 licensee in a legal and proper manner.

4 (2) The interests of the owners and creditors of the licensee and
5 the interests of the public generally will not be jeopardized by the
6 proposed change in control.

7 (e) The director may determine, in the director's discretion, that
8 subsection (b) does not apply to a transaction if the director determines
9 that the direct or beneficial ownership of the licensee will not change
10 as a result of the transaction.

11 (f) The president or other chief executive officer of a licensee shall
12 report to the director any transfer or sale of securities of the licensee
13 that results in direct or indirect ownership by a holder or an affiliated
14 group of holders of at least ten percent (10%) of the outstanding
15 securities of the licensee. The report required by this subsection must
16 be made not later than ten (10) days after the transfer of the securities
17 on the books of the licensee.

18 (g) Depending on the circumstances of the transaction, the director
19 may reserve the right to require the organization, individual, or
20 individuals who propose to acquire control of a licensee to apply for a
21 new license under section 4 of this chapter, instead of acquiring control
22 of the licensee under this section.

23 **(h) If an organization or individual:**

24 **(1) acquires control of a licensee through a closing; or**

25 **(2) consummates acquisition of a licensee;**

26 **before obtaining approval from the department under this section,**
27 **or if either the licensee or the acquiring organization or individual**
28 **does not otherwise comply with this section, the director may, in**
29 **the director's discretion, revoke or suspend the licensee's license**
30 **under section 13 of this chapter, or may direct the acquiring**
31 **organization or individual to apply for a new license under section**
32 **4 of this chapter as set forth in subsection (g).**

33 SECTION 17. IC 28-8-4-15, AS AMENDED BY P.L.129-2020,
34 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2022]: Sec. 15. (a) As used in this chapter, "payment
36 instrument" means:

37 (1) a check;

38 (2) a draft;

39 (3) a money order;

40 (4) a traveler's check;

41 (5) a stored value card, ~~or stored value account~~, other than a
42 closed system stored value card; or



1 (6) an instrument or written order for the transmission or payment
 2 of money;
 3 sold or issued to one (1) or more persons, whether such instrument is
 4 negotiable.

5 (b) As used in this chapter, "payment instrument" does not include:

6 (1) a credit card voucher;

7 (2) a letter of credit;

8 (3) an instrument that is redeemable by the issuer in goods or
 9 services; or

10 (4) a closed system stored value card.

11 SECTION 18. IC 28-8-4-19.5, AS AMENDED BY P.L.32-2021,
 12 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2022]: Sec. 19.5. As used in this chapter, "~~stored value~~
 14 ~~account~~" or "stored value card" means ~~any account~~; a card or device
 15 that:

16 (1) may be used by a holder to:

17 (A) perform financial transactions; or

18 (B) obtain, purchase, or receive money, goods, or services;

19 in an amount or having a value that does not exceed the dollar
 20 value of the ~~account~~; card; ~~or device~~; and

21 (2) ~~either~~:

22 ~~(A) in the case of a card or similar device~~; has a magnetic
 23 stripe or computer chip that enables dollar values to be
 24 electronically added to or deducted from the dollar value of the
 25 card. ~~or~~

26 ~~(B) in the case of an account~~; uses an account number unique
 27 to the holder for the purposes set forth in subdivision (1).

28 SECTION 19. IC 28-8-4-40.2, AS AMENDED BY P.L.6-2012,
 29 SECTION 198, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2022]: Sec. 40.2. (a) As used in this section,
 31 "control" means possession of the power directly or indirectly to:

32 (1) direct or cause the direction of the management or policies of
 33 a licensee, whether through the beneficial ownership of voting
 34 securities, by contract, or otherwise; or

35 (2) vote at least twenty-five percent (25%) of the voting securities
 36 of a licensee, whether the voting rights are derived through the
 37 beneficial ownership of voting securities, by contract, or
 38 otherwise.

39 (b) An organization or an individual acting directly, indirectly, or
 40 through or in concert with one (1) or more other organizations or
 41 individuals may not acquire control of any licensee unless the
 42 department has received and approved an application for change in



1 control. **The licensee must provide an application for change in**
 2 **control under this section to the department at least one hundred**
 3 **twenty (120) days before the anticipated date of closing of the**
 4 **acquisition.** The department has not more than one hundred twenty
 5 (120) days after receipt of an application to issue a notice approving the
 6 proposed change in control. The application must contain the name and
 7 address of the organization, individual, or individuals who propose to
 8 acquire control and any other information required by the director.

9 (c) The period for approval under subsection (b) may be extended:

10 (1) in the discretion of the director for an additional thirty (30)
 11 days; and

12 (2) not more than two (2) additional times for not more than
 13 forty-five (45) days each time if:

14 (A) the director determines that the organization, individual,
 15 or individuals who propose to acquire control have not
 16 submitted substantial evidence of the qualifications described
 17 in subsection (d);

18 (B) the director determines that any material information
 19 submitted is substantially inaccurate; or

20 (C) the director has been unable to complete the investigation
 21 of the organization, individual, or individuals who propose to
 22 acquire control because of any delay caused by or the
 23 inadequate cooperation of the organization, individual, or
 24 individuals.

25 (d) The department shall issue a notice approving the application
 26 only after it is satisfied that both of the following apply:

27 (1) The organization, individual, or individuals who propose to
 28 acquire control are qualified by competence, experience,
 29 character, and financial responsibility to control and operate the
 30 licensee in a legal and proper manner.

31 (2) The interests of the owners and creditors of the licensee and
 32 the interests of the public generally will not be jeopardized by the
 33 proposed change in control.

34 (e) The director may determine, in the director's discretion, that
 35 subsection (b) does not apply to a transaction if the director determines
 36 that the direct or beneficial ownership of the licensee will not change
 37 as a result of the transaction.

38 (f) The president or other chief executive officer of a licensee shall
 39 report to the director any transfer or sale of securities of the licensee
 40 that results in direct or indirect ownership by a holder or an affiliated
 41 group of holders of at least ten percent (10%) of the outstanding
 42 securities of the licensee. The report required by this subsection must



1 be made not later than ten (10) days after the transfer of the securities
2 on the books of the licensee.

3 (g) Depending on the circumstances of the transaction, the director
4 may reserve the right to require the organization, individual, or
5 individuals who propose to acquire control of a licensee to apply for a
6 new license under section 20 of this chapter, instead of acquiring
7 control of the licensee under this section.

8 **(h) If an organization or individual:**

9 **(1) acquires control of a licensee through a closing; or**

10 **(2) consummates acquisition of a licensee;**

11 **before obtaining approval from the department under this section,**
12 **or if either the licensee or the acquiring organization or individual**
13 **does not otherwise comply with this section, the director may, in**
14 **the director's discretion, revoke or suspend the licensee's license**
15 **under section 48 of this chapter, or may direct the acquiring**
16 **organization or individual to apply for a new license under section**
17 **20 of this chapter as set forth in subsection (g).**

18 SECTION 20. IC 28-8-5-13.1, AS AMENDED BY P.L.6-2012,
19 SECTION 199, IS AMENDED TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2022]: Sec. 13.1. (a) As used in this section,
21 "control" means possession of the power directly or indirectly to:

22 (1) direct or cause the direction of the management or policies of
23 a licensee, whether through the beneficial ownership of voting
24 securities, by contract, or otherwise; or

25 (2) vote at least twenty-five percent (25%) of the voting securities
26 of a licensee, whether the voting rights are derived through the
27 beneficial ownership of voting securities, by contract, or
28 otherwise.

29 (b) An organization or an individual acting directly, indirectly, or
30 through or in concert with one (1) or more other organizations or
31 individuals may not acquire control of any licensee unless the
32 department has received and approved an application for change in
33 control. **The licensee must provide an application for change in**
34 **control under this section to the department at least one hundred**
35 **twenty (120) days before the anticipated date of closing of the**
36 **acquisition.** The department has not more than one hundred twenty
37 (120) days after receipt of an application to issue a notice approving the
38 proposed change in control. The application must contain the name and
39 address of the organization, individual, or individuals who propose to
40 acquire control and any other information required by the director.

41 (c) The period for approval under subsection (b) may be extended:

42 (1) in the discretion of the director for an additional thirty (30)



- 1 days; and
 2 (2) not more than two (2) additional times for not more than
 3 forty-five (45) days each time if:
 4 (A) the director determines that the organization, individual,
 5 or individuals who propose to acquire control have not
 6 submitted substantial evidence of the qualifications described
 7 in subsection (d);
 8 (B) the director determines that any material information
 9 submitted is substantially inaccurate; or
 10 (C) the director has been unable to complete the investigation
 11 of the organization, individual, or individuals who propose to
 12 acquire control because of any delay caused by or the
 13 inadequate cooperation of the organization, individual, or
 14 individuals.
 15 (d) The department shall issue a notice approving the application
 16 only after it is satisfied that both of the following apply:
 17 (1) The organization, individual, or individuals who propose to
 18 acquire control are qualified by competence, experience,
 19 character, and financial responsibility to control and operate the
 20 licensee in a legal and proper manner.
 21 (2) The interests of the owners and creditors of the licensee and
 22 the interests of the public generally will not be jeopardized by the
 23 proposed change in control.
 24 (e) The director may determine, in the director's discretion, that
 25 subsection (b) does not apply to a transaction if the director determines
 26 that the direct or beneficial ownership of the licensee will not change
 27 as a result of the transaction.
 28 (f) The president or other chief executive officer of a licensee shall
 29 report to the director any transfer or sale of securities of the licensee
 30 that results in direct or indirect ownership by a holder or an affiliated
 31 group of holders of at least ten percent (10%) of the outstanding
 32 securities of the licensee. The report required by this subsection must
 33 be made not later than ten (10) days after the transfer of the securities
 34 on the books of the licensee.
 35 (g) Depending on the circumstances of the transaction, the director
 36 may reserve the right to require the organization, individual, or
 37 individuals who propose to acquire control of a licensee to apply for a
 38 new license under section 11 of this chapter, instead of acquiring
 39 control of the licensee under this section.
 40 **(h) If an organization or individual:**
 41 **(1) acquires control of a licensee through a closing; or**
 42 **(2) consummates acquisition of a licensee;**



1 **before obtaining approval from the department under this section,**
 2 **or if either the licensee or the acquiring organization or individual**
 3 **does not otherwise comply with this section, the director may, in**
 4 **the director's discretion, revoke or suspend the licensee's license**
 5 **under section 22 of this chapter, or may direct the acquiring**
 6 **organization or individual to apply for a new license under section**
 7 **11 of this chapter as set forth in subsection (g).**

8 SECTION 21. IC 28-10-1-1, AS AMENDED BY P.L.54-2021,
 9 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2022]: Sec. 1. A reference to a federal law or federal
 11 regulation in this title is a reference to the law or regulation as in effect
 12 December 31, ~~2020~~ **2021**.

13 SECTION 22. IC 28-15-1-11 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. "Savings
 15 association" means any:

- 16 (1) building and loan association;
- 17 (2) savings and loan association;
- 18 (3) rural loan and savings association; or
- 19 (4) guaranty loan and savings association;

20 organized **or reorganized** and operating under the laws of Indiana, **any**
 21 **other state, or the United States**, whether in stock or mutual form.

22 SECTION 23. IC 28-15-10-3 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this
 24 chapter, "Indiana savings association" means:

- 25 (1) a savings association whose home office is located in Indiana;
- 26 or
- 27 (2) a federal savings ~~and loan~~ association whose home office is
 28 located in Indiana.

29 SECTION 24. IC 28-15-14-1, AS AMENDED BY P.L.27-2012,
 30 SECTION 118, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A savings association
 32 may be:

- 33 (1) merged or consolidated with; or
- 34 (2) converted into;

35 a federal savings ~~and loan~~ association, under the charter of the federal
 36 savings ~~and loan~~ association or under a new charter issued to the
 37 converted association or the merged or consolidated association, upon
 38 a vote of fifty-one percent (51%) or more of the votes cast at a legal
 39 meeting of the shareholders and members of the state chartered savings
 40 association called to consider the proposed merger, consolidation, or
 41 conversion.

42 (b) A merger, consolidation, or conversion under this section must



- 1 be accomplished:
- 2 (1) in compliance with the laws of the United States relating to
- 3 the merger, consolidation, or conversion; and
- 4 (2) upon terms and conditions prescribed or approved by the
- 5 Office of the Comptroller of the Currency or its successor.
- 6 SECTION 25. IC 28-15-14-2 IS AMENDED TO READ AS
- 7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If a savings
- 8 association:
- 9 (1) merges with;
- 10 (2) consolidates with; or
- 11 (3) is converted into;
- 12 a federal savings ~~and loan~~ association, the savings association shall file
- 13 with the secretary of state three (3) copies of a certificate executed by
- 14 a duly constituted federal authority showing the merger, consolidation,
- 15 or conversion.
- 16 (b) Upon the payment of the fees prescribed by law, the secretary of
- 17 state shall:
- 18 (1) note the filing upon each of the copies;
- 19 (2) retain one (1) copy in the secretary's office; and
- 20 (3) return two (2) copies to the association.
- 21 (c) One (1) of the copies returned to a savings association under
- 22 subsection (b) shall be filed by the savings association with the
- 23 department and the other copy shall be filed with the recorder of the
- 24 county in which the principal office of the savings association is
- 25 located.
- 26 (d) Upon completion of the filings required by this section, the
- 27 savings association ceases to be a corporation under Indiana law,
- 28 except as provided in section 4 of this chapter.
- 29 SECTION 26. IC 28-15-14-3 IS AMENDED TO READ AS
- 30 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Upon the
- 31 effective date of a merger, consolidation, or conversion under sections
- 32 1 and 2 of this chapter, all of the assets and property of the state
- 33 chartered savings association of every kind and character, including:
- 34 (1) real, personal, and mixed property;
- 35 (2) tangible and intangible property; and
- 36 (3) choses in action, rights, and credits that:
- 37 (A) the savings association owns; or
- 38 (B) would inure to the savings association;
- 39 shall immediately, by operation of law and without any conveyance or
- 40 transfer, and without any further act or deed, be vested in and become
- 41 the property of the federal savings ~~and loan~~ association.
- 42 (b) A federal savings ~~and loan~~ association referred to in subsection



1 (a) shall have, hold, and enjoy the assets and property of the state
 2 chartered savings association after a merger, consolidation, or
 3 conversion under sections 1 and 2 of this chapter in its own right, as
 4 fully and to the same extent that the assets and property were
 5 possessed, held, and enjoyed by the state chartered savings association
 6 before the merger, consolidation, or conversion.

7 (c) After a merger, consolidation, or conversion under sections 1
 8 and 2 of this chapter, the federal savings ~~and loan~~ association is
 9 considered a continuation of the entity and identity of the state
 10 chartered savings association, and all of the rights and obligations of
 11 the savings association remain unimpaired.

12 (d) The federal association, at the time of the taking effect of the
 13 merger, consolidation, or conversion under sections 1 and 2 of this
 14 chapter, shall succeed to all of the rights and obligations and the duties
 15 and liabilities connected with the state chartered savings association.

16 SECTION 27. IC 28-15-14-4, AS AMENDED BY P.L.27-2012,
 17 SECTION 119, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Subject to regulations
 19 prescribed by the Office of the Comptroller of the Currency or its
 20 successor, a federal savings ~~and loan~~ association located in Indiana **or**
 21 **in any other state**, by resolution approved by its board of directors and
 22 adopted by a vote of fifty-one percent (51%) or more of the votes cast
 23 at any annual meeting or at any special meeting of its members called
 24 to consider the action, may convert itself into a state chartered savings
 25 association under this article.

26 (b) A resolution referred to in subsection (a), when adopted by the
 27 members of a federal savings ~~and loan~~ association, must:

28 (1) designate the names and the number of the directors who will
 29 serve as directors of the savings association after the conversion
 30 takes effect; and

31 (2) authorize the directors to execute articles of incorporation.

32 (c) The articles of incorporation executed under this section must
 33 include the contents required by IC 28-12-2-1 except that, instead of
 34 disclosing the name and address of each incorporator as required by
 35 IC 28-12-2-1(4), the articles must:

36 (1) indicate that the savings association is incorporated by
 37 conversion of a federal savings ~~and loan~~ association into a state
 38 chartered savings association; and

39 (2) state the name of the federal savings ~~and loan~~ association
 40 converted under this section.

41 (d) The department must receive from the federal savings ~~and loan~~
 42 association:



- 1 (1) three (3) copies of the resolution, certified by the secretary or
 2 assistant secretary of the federal savings ~~and loan~~ association; and
 3 (2) the articles of incorporation, in triplicate, signed and
 4 acknowledged by the directors designated under subsection
 5 (b)(1).
 6 (e) The department shall approve or disapprove the proposed
 7 conversion of a federal savings ~~and loan~~ association into a state
 8 chartered savings association under this section. The department may
 9 not approve a proposed conversion unless the department, after
 10 appropriate investigation or examination, finds all of the following:
 11 (1) That the state chartered savings association resulting from the
 12 conversion will operate in a safe, sound, and prudent manner.
 13 (2) That the proposed charter conversion will not result in a state
 14 chartered savings association that has:
 15 (A) inadequate capital;
 16 (B) unsatisfactory management; or
 17 (C) poor earnings prospects.
 18 (3) That the management or other principals of the savings
 19 association are qualified by character and financial responsibility
 20 to control and operate in a legal and proper manner the proposed
 21 state chartered savings association.
 22 (4) That the interests of the depositors, the creditors, and the
 23 public generally will not be jeopardized by the proposed charter
 24 conversion.
 25 (f) If the department approves the resolution and articles of
 26 incorporation submitted under subsection (d), the department shall:
 27 (1) indicate its approval on the resolution and articles of
 28 incorporation in the manner prescribed by IC 28-12-5-1; and
 29 (2) present the articles of incorporation to the secretary of state.
 30 (g) If the secretary of state finds that the articles of incorporation
 31 conform to law, the secretary of state shall:
 32 (1) endorse the secretary's approval on the copies of the articles
 33 of incorporation;
 34 (2) when all fees required by law have been paid:
 35 (A) file one (1) copy of the articles of incorporation in the
 36 secretary's office; and
 37 (B) issue a certificate of incorporation to the savings
 38 association; and
 39 (3) return the certificate of incorporation and two (2) copies of the
 40 articles of incorporation to the directors of the savings association
 41 designated under subsection (b)(1).
 42 (h) The conversion of a federal savings ~~and loan~~ association into a



1 state chartered savings association under this section is effective when
 2 the secretary of state issues the certificate of incorporation under
 3 subsection (g). However, before the savings association may transact
 4 business under this article or incur indebtedness, except indebtedness
 5 that is incidental to its organization, one (1) of the copies of its articles
 6 of incorporation bearing the endorsement of the approval of the
 7 department and of the secretary of state must be filed for record with
 8 the recorder of the county in which the principal office of the savings
 9 association is located.

10 SECTION 28. IC 28-15-14-5 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Upon the
 12 effective date of the conversion of a federal savings ~~and loan~~
 13 association into a state chartered savings association under section 4 of
 14 this chapter, all of the assets and property of the federal savings ~~and~~
 15 ~~loan~~ association of every kind and character, including:

- 16 (1) real, personal, and mixed property;
- 17 (2) tangible and intangible property; and
- 18 (3) choses in action, rights, and credits that:

19 (A) the savings ~~and loan~~ association owns; or

20 (B) would inure to the savings ~~and loan~~ association;

21 shall immediately, by operation of law and without any conveyance or
 22 transfer, and without any further act or deed, be vested in and become
 23 the property of the state chartered savings association.

24 (b) After the conversion of a federal savings ~~and loan~~ association
 25 into a state chartered savings association under section 4 of this
 26 chapter:

- 27 (1) the state chartered savings association shall have, hold, and
 28 enjoy the assets and property of the federal savings ~~and loan~~
 29 association in its own right, as fully and to the same extent that
 30 the assets and property were possessed, held, and enjoyed by the
 31 federal savings ~~and loan~~ association before the conversion; and
- 32 (2) the state chartered savings association is considered a
 33 continuation of the entity and identity of the federal savings ~~and~~
 34 ~~loan~~ association, and all of the rights and obligations of the
 35 federal savings ~~and loan~~ association remain unimpaired.

36 (c) When the conversion of a federal savings ~~and loan~~ association
 37 into a state chartered savings association under section 4 of this chapter
 38 takes effect, the state chartered savings association succeeds to all of
 39 the rights and obligations and the duties and liabilities connected with
 40 the federal savings ~~and loan~~ association.

41 SECTION 29. IC 28-15-14-6 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. After the



1 conversion of a federal savings ~~and loan~~ association into a state
2 chartered savings association under section 4 of this chapter, the
3 organization of the savings association shall be completed in the
4 manner provided by IC 28-12, except that bylaws for the savings
5 association:

6 (1) may be adopted by the members of the federal association
7 when the members adopt the resolution authorizing the
8 conversion; and

9 (2) may become effective upon the issuance of the certificate of
10 incorporation under section ~~4(f)~~ 4(g) of this chapter.

11 **SECTION 30. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 383, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 383 as introduced.)

ZAY, Chairperson

Committee Vote: Yeas 9, Nays 0

