

Regular Session, 2011

HOUSE BILL NO. 183

BY REPRESENTATIVE ARNOLD

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CREDIT/CONSUMER: Provides relative to the rebate of prepaid finance charges

1 AN ACT

2 To amend and reenact R.S. 9:3532(A), relative to the prepayment of consumer credit  
3 transactions; to provide for a rebate of prepaid finance charges in the amount of ten  
4 dollars or greater; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 9:3532(A) is hereby amended and reenacted to read as follows:

7 §3532. Rebate upon prepayment

8 A. Upon prepayment in full of a precomputed consumer credit transaction,  
9 the extender of credit shall refund unearned loan finance charges or credit service  
10 charges and such refund shall represent at least as great a proportion of the loan  
11 finance charge or credit service charge after first deducting from such charge a  
12 prepayment charge of not more than twenty-five dollars as the sum of the monthly  
13 time balances beginning one month after the month in which prepayment is made,  
14 bears to the sum of all the monthly time balances under the schedule of payments in  
15 the contract; this method of rebate upon prepayment is commonly referred to as the  
16 "Rule of 78's" or the "Sum of Digits" rebate method. If more than one-half of the  
17 term of the installment contract has elapsed, the rebate shall be computed without  
18 deducting a prepayment charge. For the purposes of rebate upon prepayment,  
19 deferral charges are not required to be rebated. No rebate less than ~~one dollar,~~ ten  
20 dollars, or to the extent provided for by federal law, is required.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Arnold

HB No. 183

**Abstract:** Increases the minimum amount of prepaid finance charges that must be refunded to the consumer.

Present law requires, upon prepayment in full of a precomputed consumer credit transaction, the extender of credit to refund unearned loan finance charges or credit service charges.

Proposed law maintains present law.

Present law further provides that no rebate less than \$1, or to the extent provided for by federal law, is required.

Proposed law changes the minimum amount of a rebate from \$1 to \$10.

(Amends R.S. 9:3532(A))