



April 9, 2019

ENGROSSED SENATE BILL No. 613

DIGEST OF SB 613 (Updated April 9, 2019 2:11 pm - DI 101)

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

Synopsis: Consumer credit. Makes the following changes to the Uniform Consumer Credit Code (UCCC): (1) Repeals a provision specifying a reference base index for use by the department of financial institutions (department) in adjusting specified dollar amounts designated as subject to change throughout the UCCC. (2) Replaces: (A) the tiered credit service charge authorized for consumer credit sales; and (B) the 25% loan finance charge authorized for consumer loans; with a flat charge of 36% per year on the unpaid balances. (3) Increases the: (A) minimum credit service charge for consumer credit sales; and (B) minimum loan finance charge for consumer loans; from
(Continued next page)

Effective: July 1, 2019.

**Zay, Messmer, Houchin, Freeman,
Leising, Holdman**

(HOUSE SPONSORS — LEHMAN, HEATON, BURTON, HUSTON)

January 15, 2019, read first time and referred to Committee on Commerce and Technology.
February 21, 2019, amended, reported favorably — Do Pass.
February 25, 2019, read second time, ordered engrossed. Engrossed.
February 26, 2019, read third time, passed. Yeas 26, nays 23.

HOUSE ACTION

March 7, 2019, read first time and referred to Committee on Financial Institutions.
April 9, 2019, amended, reported — Do Pass.

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\$30 (subject to indexing) to \$50 (not subject to indexing). (4) Eliminates indexing of the authorized \$5 delinquency charge for consumer credit sales and consumer loans. (5) Provides that a seller in a consumer credit sale may take a security interest in goods sold if the debt secured is at least \$1,500 (not subject to indexing), versus \$300 (subject to indexing) in current law. (6) Changes the authorized nonrefundable prepaid finance charge for consumer loans not secured by an interest in land from \$50 to \$100. (7) Repeals: (A) the definition of "supervised loan"; and (B) the provision establishing the authorized loan finance charge for supervised loans. Makes conforming amendments throughout the UCCC and the Indiana Code. (8) Provides that for a consumer loan: (A) with a loan finance charge greater than 25%; and (B) in which the principal is \$4,000 or less (not subject to indexing); a lender may not contract for an interest in land as security. (Current law prohibits a lender from contracting for an interest in land as security if the loan principal is \$4,000 or less (subject to indexing) without regard to the loan's finance charge.) (9) Provides that consumer loans having a loan finance charge exceeding 25% and in which the principal is \$4,000 or less are payable over a period of not more than: (A) 37 months if the principal is more than \$1,100 (versus \$300, subject to indexing, in current law) but not more than \$4,000; or (B) 25 months if the principal is \$1,100 (versus \$300, subject to indexing, in current law) or less. (Current law specifies these maximum loan terms for loans with a principal amount of \$4,000 or less (subject to indexing) without regard to the loan's finance charge.) (10) Provides that a creditor in a consumer loan transaction may not contract for or receive a separate charge for property casualty insurance unless the amount financed exclusive of charges for the insurance is at least \$1,000 (versus \$300, subject to indexing, in current law), and the value of the property is at least \$1,000 (versus \$300, subject to indexing, in current law). Authorizes a lender that is licensed by the department to make small loans under the UCCC to make unsecured consumer installment loans under the same license. Defines an "unsecured consumer installment loan" as a loan: (1) with a principal amount that is: (A) more than \$605 and not more than \$1,500; and (B) payable in three or more substantially equal periodic payments; and (2) in which the lender holds one or more checks of the borrower for a specific period, or is authorized to debit the borrower's account on one or more occasions for a specific period, before the lender deposits the check or debits the account. Requires that the loan term for an unsecured consumer installment loan be at least six months but not more than nine months. Provides for the following with respect to unsecured consumer installment loans: (1) An authorized finance charge and monthly maintenance fee. (2) An annual fee assessed on lenders of \$1,000 per license and \$1,000 per Indiana branch location (after the first location), for financial education programs. Prohibits: (1) the renewal of an unsecured consumer installment loan; and (2) a borrower from having: (A) a small loan and an unsecured consumer installment loan; or (B) more than one unsecured consumer installment loan; outstanding at the same time. Establishes requirements for the licensure and conduct of persons issuing small dollar loans. Defines "small dollar loan" as a loan with a maximum loan amount of \$3,000 and a term of: (1) at least 180 days; and (2) not more than 36 months. Provides that with respect to a small dollar loan, a lender may contract for a loan finance charge of not more than 72%. Provides for an annual fee assessed on lenders of \$1,000 per license and \$1,000 per Indiana branch location (after the first location), for financial education programs. Establishes the consumer financial education fund (fund) for the purpose of paying expenses incurred by the department relating to consumer financial education. Provides that the annual fees required to be paid by: (1) lenders licensed to make small dollar loans and unsecured consumer installment loans; and (2) lenders licensed to make small dollar loans;

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Digest Continued

shall be deposited in the fund. Specifies that a "rate", for purposes of the loansharking statute, includes a nonrefundable prepaid finance charge. Replaces language conforming the loan rate for the criminal loansharking statute to the maximum loan finance charge for consumer loans under the UCCC, with language specifying that a loan is considered loansharking if it is made at a rate greater than 72% per year on the unpaid balance of the principal.



April 9, 2019

First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

ENGROSSED SENATE BILL No. 613

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

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

1 SECTION 1. IC 24-4.5-1-106 IS REPEALED [EFFECTIVE JULY
2 1, 2019]. Sec. 106. (1) The dollar amounts in this article designated as
3 subject to change shall change, as provided in this section, according
4 to the Consumer Price Index for Urban Wage Earners and Clerical
5 Workers: U.S. City Average, All Items, 1957-59 equals 100, compiled
6 by Bureau of Labor Statistics, United States Department of Labor, and
7 referred to in this section as the Index. The Index for October, 1971, is
8 the Reference Base Index.
9 (2) The dollar amounts shall change on July 1 of each
10 even-numbered year if the percentage of change, calculated to the
11 nearest whole percentage point, between the Index at the end of the
12 preceding year and the Reference Base Index is ten percent (10%) or
13 more, except that:
14 (a) the portion of the percentage change in the Index in excess of
15 a multiple of ten percent (10%) shall be disregarded and the
16 dollar amounts shall change only in multiples of ten percent
17 (10%) of the amounts on March 5, 1971;

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

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

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

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

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

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

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

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

32 SECTION 2. IC 24-4.5-1-109, AS AMENDED BY P.L.35-2010,
 33 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2019]: Sec. 109. All persons licensed on October 1, 1971,
 35 under:

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

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

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

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

40 are licensed to make supervised consumer loans under this article,
 41 subject to the renewal provisions contained in this article. All
 42 provisions of this article apply to the persons previously licensed or



1 authorized. The department may deliver evidence of licensing to the
2 persons previously licensed or authorized.

3 SECTION 3. IC 24-4.5-2-201, AS AMENDED BY P.L.91-2013,
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2019]: Sec. 201. Credit Service Charge for Consumer Credit
6 Sales other than Revolving Charge Accounts — (1) With respect to a
7 consumer credit sale, other than a sale pursuant to a revolving charge
8 account, a seller may contract for and receive a credit service charge
9 not exceeding that permitted by this section.

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

12 (a) ~~the total of:~~

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

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

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

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

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

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

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

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

38 (a) Delays attributable to the customer. Where the customer
39 requests delivery after the thirty (30) day period or where delivery
40 occurs after the thirty (30) day period for a reason attributable to
41 the customer (including but not limited to failure to close on a
42 residence or failure to obtain lease approval), the term of the sale



1 agreement shall commence with the date credit is granted.

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

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

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

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

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

22 ~~(6) (5) Notwithstanding subsection (2), the seller may contract for~~
23 ~~and receive a minimum credit service charge of not more than thirty~~
24 ~~fifty dollars (\$30). (\$50). The minimum credit service charge allowed~~
25 ~~under this subsection may be imposed only if:~~

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

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

31 ~~(i) is contracted for by the parties; and~~

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

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

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

41 ~~(8) The amount of thirty dollars (\$30) in subsection (6) is subject to~~
42 ~~change under the provisions on adjustment of dollar amounts~~



1 ~~(IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the~~
 2 ~~Reference Base Index to be used under this subsection is the Index for~~
 3 ~~October 1992.~~

4 SECTION 4. IC 24-4.5-2-203.5 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 203.5. Delinquency
 6 Charges — (1) With respect to a consumer credit sale, refinancing, or
 7 consolidation, the parties may contract for a delinquency charge of not
 8 more than five dollars (\$5) on any installment or minimum payment
 9 due not paid in full within ten (10) days after its scheduled due date.

10 (2) A delinquency charge under this section may be collected only
 11 once on an installment however long it remains in default. A
 12 delinquency charge on consumer credit sales made under a revolving
 13 charge account may be applied each month that the payment is less
 14 than the minimum required payment. A delinquency charge may be
 15 collected any time after it accrues. No delinquency charge may be
 16 collected if the installment has been deferred and a deferral charge
 17 (IC 24-4.5-2-204) has been paid or incurred.

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

- 22 (a) an earlier installment; or
 23 (b) payment due;

24 may not have been paid in full. For purposes of this subsection,
 25 payments are applied first to current installments or payments due and
 26 then to delinquent installments or payments due.

27 (4) If two (2) installments or parts of two (2) installments of a
 28 precomputed consumer credit sale are in default for ten (10) days or
 29 more, the creditor may elect to convert the consumer credit sale from
 30 a precomputed consumer credit sale to a consumer credit sale in which
 31 the credit service charge is based on unpaid balances. A creditor that
 32 makes this election shall make a rebate under the provisions on rebates
 33 upon prepayment under IC 24-4.5-2-210 as of the maturity date of the
 34 first delinquent installment, and thereafter may make a credit service
 35 charge as authorized by the provisions on credit service charges for
 36 consumer credit sales under IC 24-4.5-2-201. The amount of the rebate
 37 shall not be reduced by the amount of any permitted minimum charge
 38 under IC 24-4.5-2-210. Any deferral charges made on installments due
 39 at or after the maturity date of the first delinquent installment shall be
 40 rebated, and no further deferral charges shall be made.

41 ~~(5) The amount of five dollars (\$5) in subsection (1) is subject to~~
 42 ~~change under the section on adjustment of dollar amounts~~



1 ~~(IC 24-4.5-1-106):~~

2 (6) If the parties provide by contract for a delinquency charge that
3 is subject to change, the seller shall disclose in the contract that the
4 amount of the delinquency charge is subject to change as allowed by
5 ~~IC 24-4.5-1-106:~~

6 SECTION 5. IC 24-4.5-2-210 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 210. Rebate upon
8 Prepayment — (1) Except as provided in subsection (2), upon
9 prepayment in full of the unpaid balance of a precomputed consumer
10 credit sale, refinancing, or consolidation, an amount not less than the
11 unearned portion of the credit service charge calculated according to
12 this section shall be rebated to the buyer. If the rebate required is less
13 than one dollar (\$1), no rebate need be made.

14 (2) Upon prepayment in full of a consumer credit sale, refinancing,
15 or consolidation, other than one pursuant to a revolving charge account,
16 if the credit service charge then earned is less than any permitted
17 minimum credit service charge ~~(IC 24-4.5-2-201(6))~~
18 **(IC 24-4.5-2-201(5))** contracted for, whether or not the sale,
19 refinancing, or consolidation is precomputed, the seller may collect or
20 retain the minimum charge, as if earned, not exceeding the credit
21 service charge contracted for.

22 (3) The unearned portion of the credit service charge is a fraction of
23 the credit service charge of which the numerator is the sum of the
24 periodic balances scheduled to follow the computational period in
25 which prepayment occurs, and the denominator is the sum of all
26 periodic balances under either the sale agreement or, if the balance
27 owing resulted from a refinancing (IC 24-4.5-2-205) or a consolidation
28 (IC 24-4.5-2-206), under the refinancing agreement or consolidation
29 agreement.

30 (4) In this section:

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

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

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



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



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

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

16 (6) If a deferral (IC 24-4.5-2-204) has been agreed to, the unearned
 17 portion of the credit service charge shall be computed without regard
 18 to the deferral. The amount of deferral charge earned at the date of
 19 prepayment shall also be calculated. If the deferral charge earned is
 20 less than the deferral charge paid, the difference shall be added to the
 21 unearned portion of the credit service charge. If any part of a deferral
 22 charge has been earned but has not been paid, that part shall be
 23 subtracted from the unearned portion of the credit service charge or
 24 shall be added to the unpaid balance.

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

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

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

39 (10) Upon prepayment in full of a transaction with a term of more
 40 than sixty-one (61) months, the unearned part of the credit service
 41 charge shall be computed by applying the disclosed annual percentage
 42 rate that would yield the credit service charge originally contracted for



1 to the unpaid balances of the amount financed for the full
2 computational periods following the prepayment, as originally
3 scheduled or as deferred.

4 SECTION 6. IC 24-4.5-2-407, AS AMENDED BY P.L.186-2015,
5 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2019]: Sec. 407. (1) With respect to a consumer credit sale,
7 a seller may take a security interest in the property sold. In addition, a
8 seller may take a security interest in goods upon which services are
9 performed or in which goods sold are installed or to which they are
10 annexed, or in land to which the goods are affixed or which is
11 maintained, repaired or improved as a result of the sale of the goods or
12 services, if, in the case of a subordinate lien mortgage transaction, the
13 debt secured is four thousand dollars (\$4,000) or more, or, in the case
14 of a security interest in goods the debt secured is ~~three one thousand~~
15 **five** hundred dollars (~~\$300~~) (**\$1,500**) or more. Except as provided with
16 respect to cross-collateral (IC 24-4.5-2-408), a seller may not otherwise
17 take a security interest in property of the buyer to secure the debt
18 arising from a consumer credit sale.

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

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

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

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

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

31 SECTION 7. IC 24-4.5-3-102, AS AMENDED BY P.L.35-2010,
32 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2019]: Sec. 102. This chapter applies to consumer loans.
34 ~~including supervised loans.~~ In addition, IC 24-4.5-3-601 through
35 IC 24-4.5-3-605 apply to consumer related loans. The licensing
36 provisions of this chapter apply to consumer credit sales under
37 IC 24-4.5-2 that are subordinate lien mortgage transactions.

38 SECTION 8. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017,
39 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2019]: Sec. 201. Loan Finance Charge for Consumer Loans
41 ~~other than Supervised Loans~~ — (1) Except as provided in subsections
42 ~~(5) and (6), and (8);~~ with respect to a consumer loan, ~~other than a~~



1 supervised loan (as defined in section 501 of this chapter); a lender
 2 may contract for a loan finance charge, calculated according to the
 3 actuarial method, not exceeding ~~twenty-five~~ **thirty-six** percent (~~25%~~)
 4 (**36%**) per year on the unpaid balances of the principal.

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

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

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

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

23 (4) With respect to a consumer loan made pursuant to a revolving
 24 loan account:

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

30 (i) the average daily balance of the debt;

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

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

39 (b) if the billing cycle is not monthly, the loan finance charge
 40 shall be deemed not to exceed the maximum annual percentage
 41 rate if the loan finance charge contracted for and received does
 42 not exceed a percentage which bears the same relation to



1 one-twelfth (1/12) the maximum annual percentage rate as the
 2 number of days in the billing cycle bears to thirty (30); and
 3 (c) notwithstanding subsection (1), if there is an unpaid balance
 4 on the date as of which the loan finance charge is applied, the
 5 lender may contract for and receive a charge not exceeding fifty
 6 cents (\$0.50) if the billing cycle is monthly or longer, or the pro
 7 rata part of fifty cents (\$0.50) which bears the same relation to
 8 fifty cents (\$0.50) as the number of days in the billing cycle bears
 9 to thirty (30) if the billing cycle is shorter than monthly, but no
 10 charge may be made pursuant to this paragraph if the lender has
 11 made an annual charge for the same period as permitted by the
 12 provisions on additional charges in section 202(1)(c) of this
 13 chapter.

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

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

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

24 ~~(6) (5) With respect to a consumer loan not made pursuant to a~~
 25 ~~revolving loan account, the lender may contract for and receive a~~
 26 ~~minimum loan finance charge of not more than ~~thirty~~ fifty dollars~~
 27 ~~(\$30). (\$50). The minimum loan finance charge allowed under this~~
 28 ~~subsection may be imposed only if the lender does not assess a~~
 29 ~~nonrefundable prepaid finance charge under subsection (8) (6) and:~~

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

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

35 ~~(i) is contracted for by the parties; and~~

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

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

40 ~~(7) The amount of thirty dollars (\$30) in subsection (6) is subject to~~
 41 ~~change under the provisions on adjustment of dollar amounts~~
 42 ~~(IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the~~



1 Reference Base Index to be used under this subsection is the Index for
2 October 1992:

3 ~~(8)~~ **(6)** Except as provided in subsection ~~(6)~~; **(5)**, in addition to the
4 loan finance charge provided for in this section and to any other
5 charges and fees permitted by this chapter, a lender may contract for
6 and receive a nonrefundable prepaid finance charge of not more than
7 the following:

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

10 (i) is not made under a revolving loan account, two percent
11 (2%) of the loan amount; or

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

14 (b) In the case of consumer loan that is not secured by an interest
15 in land, **fifty one hundred** dollars ~~(\$50)~~; **(\$100)**.

16 ~~(9)~~ **(7)** The nonrefundable prepaid finance charge provided for in
17 subsection ~~(8)~~ **(6)** is not subject to refund or rebate.

18 ~~(10)~~ **(8)** Notwithstanding subsections ~~(8)~~ **(6)** and ~~(9)~~; **(7)**, in the case
19 of a consumer loan that is not secured by an interest in land, if a lender
20 retains any part of a nonrefundable prepaid finance charge charged on
21 a loan that is paid in full by a new loan from the same lender, the
22 following apply:

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

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

30 ~~(11)~~ **(9)** In the case of a consumer loan that is secured by an interest
31 in land, this section does not prohibit a lender from contracting for and
32 receiving a fee for preparing deeds, mortgages, reconveyances, and
33 similar documents under section 202(1)(d)(ii) of this chapter, in
34 addition to the nonrefundable prepaid finance charge provided for in
35 subsection ~~(8)~~; **(6)(a)**.

36 SECTION 9. IC 24-4.5-3-202, AS AMENDED BY P.L.69-2018,
37 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2019]: Sec. 202. (1) In addition to the loan finance charge
39 permitted by this chapter, a lender may contract for and receive the
40 following additional charges in connection with a consumer loan:

41 (a) Official fees and taxes.

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



- 1 (c) Annual participation fees assessed in connection with a
2 revolving loan account. Annual participation fees must:
3 (i) be reasonable in amount;
4 (ii) bear a reasonable relationship to the lender's costs to
5 maintain and monitor the loan account; and
6 (iii) not be assessed for the purpose of circumvention or
7 evasion of this article, as determined by the department.
8 (d) With respect to a debt secured by an interest in land, the
9 following closing costs, if they are bona fide, reasonable in
10 amount, and not for the purpose of circumvention or evasion of
11 this article:
12 (i) Fees for title examination, abstract of title, title insurance,
13 property surveys, or similar purposes.
14 (ii) Fees for preparing deeds, mortgages, and reconveyance,
15 settlement, and similar documents.
16 (iii) Notary and credit report fees.
17 (iv) Amounts required to be paid into escrow or trustee
18 accounts if the amounts would not otherwise be included in
19 the loan finance charge.
20 (v) Appraisal fees.
21 (e) Notwithstanding provisions of the Consumer Credit Protection
22 Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for
23 other benefits, including insurance, conferred on the debtor, if the
24 benefits are of value to the debtor and if the charges are
25 reasonable in relation to the benefits, and are excluded as
26 permissible additional charges from the loan finance charge. With
27 respect to any other additional charge not specifically provided
28 for in this section to be a permitted charge under this subsection,
29 the creditor must submit a written explanation of the charge to the
30 department indicating how the charge would be assessed and the
31 value or benefit to the debtor. Supporting documents may be
32 required by the department. The department shall determine
33 whether the charge would be of benefit to the debtor and is
34 reasonable in relation to the benefits.
35 (f) A charge not to exceed twenty-five dollars (\$25) for each
36 returned payment by a bank or other depository institution of a
37 dishonored check, electronic funds transfer, negotiable order of
38 withdrawal, or share draft issued by the debtor.
39 (g) With respect to a revolving loan account, a fee not to exceed
40 twenty-five dollars (\$25) in each billing cycle during which the
41 balance due under the revolving loan account exceeds by more
42 than one hundred dollars (\$100) the maximum credit limit for the



- 1 account established by the lender.
- 2 (h) With respect to a revolving loan account, a transaction fee that
3 may not exceed the lesser of the following:
- 4 (i) Two percent (2%) of the amount of the transaction.
5 (ii) Ten dollars (\$10).
- 6 (i) A charge not to exceed twenty-five dollars (\$25) for a
7 skip-a-payment service, subject to the following:
- 8 (i) At the time of use of the service, the consumer must be
9 given written notice of the amount of the charge and must
10 acknowledge the amount in writing, including by electronic
11 signature.
- 12 (ii) A charge for a skip-a-payment service may not be assessed
13 with respect to a consumer loan subject to the provisions on
14 rebate upon prepayment that are set forth in section 210 of this
15 chapter.
- 16 (iii) A charge for a skip-a-payment service may not be
17 assessed with respect to any payment for which a delinquency
18 charge has been assessed under section 203.5 of this chapter.
- 19 (j) A charge not to exceed ten dollars (\$10) for an optional
20 expedited payment service, subject to the following:
- 21 (i) The charge may be assessed only upon request by the
22 consumer to use the expedited payment service.
- 23 (ii) The amount of the charge must be disclosed to the
24 consumer at the time of the consumer's request to use the
25 expedited payment service.
- 26 (iii) The consumer must be informed that the consumer retains
27 the option to make a payment by traditional means.
- 28 (iv) The charge may not be established in advance, through
29 any agreement with the consumer, as the expected method of
30 payment.
- 31 (v) The charge may not be assessed with respect to any
32 payment for which a delinquency charge has been assessed
33 under section 203.5 of this chapter.
- 34 (k) This subdivision applies to a CPAP transaction offered or
35 entered into after June 30, 2016. With respect to a CPAP
36 transaction, a CPAP provider may impose the following charges
37 and fees:
- 38 (i) A fee calculated at an annual rate that does not exceed
39 thirty-six percent (36%) of the funded amount.
- 40 (ii) A servicing charge calculated at an annual rate that does
41 not exceed seven percent (7%) of the funded amount.
- 42 (iii) If the funded amount of the CPAP transaction is less than



- 1 five thousand dollars (\$5,000), a one (1) time charge that does
 2 not exceed two hundred fifty dollars (\$250) for obtaining and
 3 preparing documents.
- 4 (iv) If the funded amount of the CPAP transaction is at least
 5 five thousand dollars (\$5,000), a one (1) time charge that does
 6 not exceed five hundred dollars (\$500) for obtaining and
 7 preparing documents.
- 8 A CPAP provider may not assess, or collect from the consumer
 9 claimant, any other fee or charge in connection with a CPAP
 10 transaction, including any finance charges under section 201 ~~or~~
 11 ~~508~~ of this chapter.
- 12 (l) A charge for a GAP agreement, subject to subsection (3).
- 13 (m) With respect to consumer loans made by a person exempt
 14 from licensing under IC 24-4.5-3-502(1), a charge for a debt
 15 cancellation agreement, subject to the following:
- 16 (i) A debt cancellation agreement or debt cancellation
 17 coverage may not be required by the lender, and that fact must
 18 be disclosed in writing to the consumer.
- 19 (ii) The charge for the initial term of coverage under the debt
 20 cancellation agreement must be disclosed in writing to the
 21 consumer. The charge may be disclosed on a unit-cost basis
 22 only in the case of revolving loan accounts, closed-end credit
 23 transactions if the request for coverage is made by mail or
 24 telephone, and closed-end credit transactions if the debt
 25 cancellation agreement limits the total amount of indebtedness
 26 eligible for coverage.
- 27 (iii) If the term of coverage under the debt cancellation
 28 agreement is less than the term of the consumer loan, the term
 29 of coverage under the debt cancellation agreement must be
 30 disclosed in writing to the consumer.
- 31 (iv) The consumer must sign or initial an affirmative written
 32 request for coverage after receiving all required disclosures.
- 33 (v) If debt cancellation coverage for two (2) or more events is
 34 provided for in a single charge under a debt cancellation
 35 agreement, the entire charge may be excluded from the loan
 36 finance charge and imposed as an additional charge under this
 37 section if at least one (1) of the events is the loss of life, health,
 38 or income.
- 39 The additional charges provided for in subdivisions (f) through (k) are
 40 not subject to refund or rebate.
- 41 (2) An additional charge may be made for insurance in connection
 42 with the loan, other than insurance protecting the lender against the



- 1 debtor's default or other credit loss:
- 2 (a) with respect to insurance against loss of or damage to property
- 3 or against liability, if the lender furnishes a clear and specific
- 4 statement in writing to the debtor, setting forth the cost of the
- 5 insurance if obtained from or through the lender and stating that
- 6 the debtor may choose the person, subject to the lender's
- 7 reasonable approval, through whom the insurance is to be
- 8 obtained; and
- 9 (b) with respect to consumer credit insurance providing life,
- 10 accident, unemployment or other loss of income, or health
- 11 coverage, if the insurance coverage is not a factor in the approval
- 12 by the lender of the extension of credit and this fact is clearly
- 13 disclosed in writing to the debtor, and if, in order to obtain the
- 14 insurance in connection with the extension of credit, the debtor
- 15 gives specific affirmative written indication of the desire to do so
- 16 after written disclosure of the cost of the insurance.
- 17 (3) An additional charge may be made for a GAP agreement, subject
- 18 to the following:
- 19 (a) A GAP agreement or GAP coverage may not be required by
- 20 the lender, and that fact must be disclosed in writing to the
- 21 consumer.
- 22 (b) The charge for the initial term of coverage under the GAP
- 23 agreement must be disclosed in writing to the consumer. The
- 24 charge may be disclosed on a unit-cost basis only in the case of
- 25 the following transactions:
- 26 (i) Revolving loan accounts.
- 27 (ii) Closed-end credit transactions, if the request for coverage
- 28 is made by mail or telephone.
- 29 (iii) Closed-end credit transactions, if the GAP agreement
- 30 limits the total amount of indebtedness eligible for coverage.
- 31 (c) If the term of coverage under the GAP agreement is less than
- 32 the term of the consumer loan, the term of coverage under the
- 33 GAP agreement must be disclosed in writing to the consumer.
- 34 (d) The consumer must sign or initial an affirmative written
- 35 request for coverage after receiving all required disclosures.
- 36 (e) The GAP agreement must include the following:
- 37 (i) In the case of GAP coverage for a new motor vehicle, the
- 38 manufacturer's suggested retail price (MSRP) for the motor
- 39 vehicle.
- 40 (ii) In the case of GAP coverage for a used motor vehicle, the
- 41 National Automobile Dealers Association (NADA) average
- 42 retail value for the motor vehicle.



- 1 (iii) The name of the financing entity taking assignment of the
2 agreement, as applicable.
- 3 (iv) The name and address of the consumer.
- 4 (v) The name of the lender selling the agreement.
- 5 (vi) Information advising the consumer that the consumer may
6 be able to obtain similar coverage from the consumer's primary
7 insurance carrier.
- 8 (vii) A coverage provision that includes a minimum deductible
9 of five hundred dollars (\$500).
- 10 (viii) A provision providing for a minimum thirty (30) day trial
11 period.
- 12 (ix) In the case of a consumer loan made with respect to a
13 motor vehicle, a provision excluding the sale of GAP coverage
14 if the amount financed under the consumer loan (not including
15 the cost of the GAP agreement, the cost of any credit
16 insurance, and the cost of any warranties or service
17 agreements) is less than eighty percent (80%) of the
18 manufacturer's suggested retail price (MSRP), in the case of a
19 new motor vehicle, or of the National Automobile Dealers
20 Association (NADA) average retail value, in the case of a used
21 motor 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 a
- 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 10. IC 24-4.5-3-203.5 IS AMENDED TO READ AS
- 32 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 203.5. Delinquency
- 33 Charges — (1) With respect to a consumer loan, refinancing, or
- 34 consolidation, the parties may contract for a delinquency charge of not
- 35 more than five dollars (\$5) on any installment or minimum payment
- 36 due not paid in full within ten (10) days after its scheduled due date.
- 37 (2) A delinquency charge under this section may be collected only
- 38 once on an installment however long it remains in default. With regard
- 39 to a delinquency charge on consumer loans made under a revolving
- 40 loan account, the delinquency charge may be applied each month that
- 41 the payment is less than the minimum required payment on the
- 42 account. A delinquency charge may be collected any time after it



1 accrues. A delinquency charge may not be collected if the installment
2 has been deferred and a deferral charge (IC 24-4.5-3-204) has been
3 paid or incurred.

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

8 (a) an earlier installment; or

9 (b) payment due;

10 may not have been paid in full. For purposes of this subsection,
11 payments are applied first to current installments or payments due and
12 then to delinquent installments or payments due.

13 (4) If two (2) installments or parts of two (2) installments of a
14 precomputed loan are in default for ten (10) days or more, the lender
15 may elect to convert the loan from a precomputed loan to a loan in
16 which the finance charge is based on unpaid balances. A lender that
17 makes this election shall make a rebate under the provisions on rebates
18 upon prepayment (IC 24-4.5-3-210) as of the maturity date of the first
19 delinquent installment, and thereafter may make a loan finance charge
20 as authorized by the provisions on loan finance charges for consumer
21 loans (IC 24-4.5-3-201). ~~or supervised loans (IC 24-4.5-3-508)~~. The
22 amount of the rebate shall not be reduced by the amount of any
23 permitted minimum charge (IC 24-4.5-3-210). Any deferral charges
24 made on installments due at or after the maturity date of the first
25 delinquent installment shall be rebated, and no further deferral charges
26 shall be made.

27 ~~(5) The amount of five dollars (\$5) in subsection (1) is subject to~~
28 ~~change pursuant to the section on adjustment of dollar amounts~~
29 ~~(IC 24-4.5-1-106).~~

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

34 SECTION 11. IC 24-4.5-3-205 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 205. Loan Finance
36 Charge on Refinancing — With respect to a consumer loan,
37 refinancing, or consolidation, the lender may by agreement with the
38 debtor refinance the unpaid balance and may contract for and receive
39 a loan finance charge based on the principal resulting from the
40 refinancing at a rate not exceeding that permitted by the provisions on
41 a loan finance charge for consumer loans (IC 24-4.5-3-201). ~~or the~~
42 ~~provisions on a loan finance charge for supervised loans~~



1 (~~IC 24-4.5-3-508~~), ~~whichever is appropriate~~. For the purpose of
 2 determining the loan finance charge permitted, the principal resulting
 3 from the refinancing comprises the following:

4 (1) If the transaction was not precomputed, the total of the unpaid
 5 balance and the accrued charges on the date of the refinancing, or, if
 6 the transaction was precomputed, the amount which the debtor would
 7 have been required to pay upon prepayment pursuant to the provisions
 8 on rebate upon prepayment (IC 24-4.5-3-210) on the date of
 9 refinancing. ~~and~~

10 (2) Appropriate additional charges (IC 24-4.5-3-202), payment of
 11 which is deferred.

12 SECTION 12. IC 24-4.5-3-206 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 206. Loan Finance
 14 Charge on Consolidation — (1) If a debtor owes an unpaid balance to
 15 a lender with respect to a consumer loan, refinancing, or consolidation,
 16 and becomes obligated on another consumer loan, refinancing, or
 17 consolidation with the same lender, the parties may agree to a
 18 consolidation resulting in a single schedule of payments. If the previous
 19 consumer loan, refinancing, or consolidation was not precomputed, the
 20 parties may agree to add the unpaid amount of principal and accrued
 21 charges on the date of consolidation to the principal with respect to the
 22 subsequent loan. If the previous consumer loan, refinancing, or
 23 consolidation was precomputed, the parties may agree to refinance the
 24 unpaid balance pursuant to the provisions on refinancing
 25 (24-4.5-3-205) and to consolidate the principal resulting from the
 26 refinancing by adding it to the principal with respect to the subsequent
 27 loan. In either case the lender may contract for and receive a loan
 28 finance charge based on the aggregate principal resulting from the
 29 consolidation at a rate not in excess of that permitted by the provisions
 30 on loan finance charge for consumer loans (24-4.5-3-201). ~~or the~~
 31 ~~provisions on loan finance charge for supervised loans (24-4.5-3-508)~~;
 32 ~~whichever is appropriate.~~

33 (2) The parties may agree to consolidate the unpaid balance of a
 34 consumer loan with the unpaid balance of a consumer credit sale. The
 35 parties may agree to refinance the previous unpaid balance pursuant to
 36 the provisions on refinancing sales (24-4.5-2-205) or the provisions on
 37 refinancing loans (24-4.5-3-205), whichever is appropriate, and to
 38 consolidate the amount financed resulting from the refinancing or the
 39 principal resulting from the refinancing by adding it to the amount
 40 financed or principal with respect to the subsequent sale or loan. The
 41 aggregate amount resulting from the consolidation shall be deemed
 42 principal, and the creditor may contract for and receive a loan finance



1 charge based on the principal at a rate not in excess of that permitted
 2 by the provisions on loan finance charge for consumer loans
 3 (24-4.5-3-201). ~~or the provisions on loan finance charge for supervised~~
 4 ~~loans (24-4.5-3-508), whichever is appropriate.~~

5 SECTION 13. IC 24-4.5-3-208 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 208. Advances to
 7 Perform Covenants of Debtor. — (1) If the agreement with respect to
 8 a consumer loan, refinancing, or consolidation contains covenants by
 9 the debtor to perform certain duties pertaining to insuring or preserving
 10 collateral and if the lender pursuant to the agreement pays for
 11 performance of the duties on behalf of the debtor, the lender may add
 12 the amounts paid to the debt. Within a reasonable time after advancing
 13 any sums, he shall state to the debtor in writing the amount of the sums
 14 advanced, any charges with respect to this amount, and any revised
 15 payment schedule and, if the duties of the debtor performed by the
 16 lender pertain to insurance, a brief description of the insurance paid for
 17 by the lender including the type and amount of coverages. No further
 18 information need be given.

19 (2) A loan finance charge may be made for sums advanced pursuant
 20 to subsection (1) at a rate not exceeding the rate stated to the debtor
 21 pursuant to the provisions on disclosure (Part 3) with respect to the
 22 loan, refinancing, or consolidation, except that with respect to a
 23 revolving loan account the amount of the advance may be added to the
 24 unpaid balance of the debt and the lender may make a loan finance
 25 charge not exceeding that permitted by the provisions on loan finance
 26 charge for consumer loans (24-4.5-3-201). ~~or for supervised loans~~
 27 ~~(24-4.5-3-508), whichever is appropriate.~~

28 SECTION 14. IC 24-4.5-3-210 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 210. Rebate upon
 30 Prepayment. — (1) Except as provided in subsection (2), upon
 31 prepayment in full of the unpaid balance of a precomputed consumer
 32 loan, refinancing, or consolidation, an amount not less than the
 33 unearned portion of the loan finance charge calculated according to this
 34 section shall be rebated to the debtor. If the rebate otherwise required
 35 is less than one dollar (\$1), no rebate need be made.

36 (2) Upon prepayment in full of a consumer loan, refinancing, or
 37 consolidation, other than one (1) under a revolving loan account, if the
 38 loan finance charge earned is less than any permitted minimum loan
 39 finance charge ~~(IC 24-4.5-3-201(6) or IC 24-4.5-3-508(7))~~
 40 **(IC 24-4.5-3-201(5))** contracted for, whether or not the consumer loan,
 41 refinancing, or consolidation is precomputed, the lender may collect or
 42 retain the minimum loan finance charge, as if earned, not exceeding the



1 loan finance charge contracted for.

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

10 (4) In this section:

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

14 (b) "computation period" means one (1) month if one-half (1/2)
15 or more of the intervals between scheduled payments under the
16 agreement is one (1) month or more, and otherwise means one (1)
17 week;

18 (c) the "interval" to the due date of the first scheduled installment
19 or the final scheduled payment date is measured from the date of
20 a loan, refinancing, or consolidation, and includes either the first
21 or last day of the interval; and

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

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

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

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

42 (ii) if the interval to the final scheduled payment date is a



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



1 subtracted from the unearned portion of the loan finance charge or shall
2 be added to the unpaid balance.

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

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

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

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

22 SECTION 15. IC 24-4.5-3-501 IS REPEALED [EFFECTIVE JULY
23 1, 2019]. ~~Sec. 501. Definitions:~~

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

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

30 SECTION 16. IC 24-4.5-3-502, AS AMENDED BY P.L.153-2016,
31 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2019]: Sec. 502. (1) A person that is a:

33 (a) depository institution;

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

36 (c) credit union service organization;

37 may engage in Indiana in the making of consumer loans (including
38 small loans **and unsecured consumer installment loans** that are
39 subject to IC 24-4.5-7, **and small dollar loans that are subject to**
40 **IC 24-4.5-8)** that are not mortgage transactions without obtaining a
41 license under this article.

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



1 (a) taking assignments of consumer loans (including small loans
2 **and unsecured consumer installment loans** that are subject to
3 IC 24-4.5-7, **and small dollar loans that are subject to**
4 **IC 24-4.5-8)** that are not mortgage transactions; and

5 (b) undertaking the direct collection of payments from or the
6 enforcement of rights against debtors arising from consumer loans
7 (including small loans **and unsecured consumer installment**
8 **loans** that are subject to IC 24-4.5-7, **and small dollar loans that**
9 **are subject to IC 24-4.5-8)** that are not mortgage transactions;
10 in Indiana without obtaining a license under this article.

11 (3) A person that does not qualify under subsection (1) or (2) shall
12 acquire and retain a license under this chapter in order to regularly
13 engage in Indiana in the following actions with respect to consumer
14 loans that are not small loans (as defined in IC 24-4.5-7-104),
15 **unsecured consumer installment loans (as defined in**
16 **IC 24-4.5-7-104.5), small dollar loans (as defined in**
17 **IC 24-4.5-8-109),** or mortgage transactions:

18 (a) The making of consumer loans.

19 (b) Taking assignments of consumer loans.

20 (c) Undertaking the direct collection of payments from or the
21 enforcement of rights against debtors arising from consumer
22 loans.

23 (4) A separate license under this chapter is required for each legal
24 entity that engages in Indiana in any activity described in subsection
25 (3). However, a separate license under this chapter is not required for
26 each branch of a legal entity licensed under this chapter to perform an
27 activity described in subsection (3).

28 (5) Except as otherwise provided in subsections (1) and (2), a
29 separate license under IC 24-4.5-7 is required in order to regularly
30 engage in Indiana in the following actions with respect to small loans
31 (as defined in IC 24-4.5-7-104) **or unsecured consumer installment**
32 **loans (as defined in IC 24-4.5-7-104.5):**

33 (a) The making of small loans (as defined in IC 24-4.5-7-104) **or**
34 **unsecured consumer installment loans (as defined in**
35 **IC 24-4.5-7-104.5).**

36 (b) Taking assignments of small loans (as defined in
37 IC 24-4.5-7-104) **or unsecured consumer installment loans (as**
38 **defined in IC 24-4.5-7-104.5).**

39 (c) Undertaking the direct collection of payments from or the
40 enforcement of rights against debtors arising from small loans (as
41 defined in IC 24-4.5-7-104) **or unsecured consumer installment**
42 **loans (as defined in IC 24-4.5-7-104.5).**



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

8 **(6) Except as otherwise provided in subsections (1) and (2), a**
 9 **separate license under IC 24-4.5-8 is required in order to regularly**
 10 **engage in Indiana in the following actions with respect to small**
 11 **dollar loans (as defined in IC 24-4.5-8-109):**

12 **(a) The making of small dollar loans (as defined in**
 13 **IC 24-4.5-8-109).**

14 **(b) Taking assignments of small dollar loans (as defined in**
 15 **IC 24-4.5-8-109).**

16 **(c) Undertaking the direct collection of payments from or the**
 17 **enforcement of rights against debtors arising from small**
 18 **dollar loans (as defined in IC 24-4.5-8-109).**

19 **A person that seeks licensure under IC 24-4.5-8 in order to**
 20 **regularly engage in Indiana in the actions set forth in this**
 21 **subsection shall apply to the department for that license in the**
 22 **form and manner prescribed by the department and is subject to**
 23 **the same licensure requirements and procedures as an applicant**
 24 **for a license to make consumer loans (other than small loans,**
 25 **unsecured consumer installment loans, small dollar loans, or**
 26 **mortgage transactions) under this section.**

27 ~~(6)~~ (7) A CPAP contract must comply with IC 24-12-2.

28 SECTION 17. IC 24-4.5-3-502.2, AS ADDED BY P.L.137-2014,
 29 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2019]: Sec. 502.2. (1) Subject to subsection (6), the director
 31 may designate the NMLSR to serve as the sole entity responsible for:

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

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

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

39 (2) Subject to the confidentiality provisions contained in IC 5-14-3,
 40 this section, and IC 28-1-2-30, the director shall regularly report to the
 41 NMLSR significant or recurring violations of this article related to
 42 consumer loans that are not mortgage transactions, including small



1 loans **and unsecured consumer installment loans** under IC 24-4.5-7
 2 **and small dollar loans under IC 24-4.5-8.**

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

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

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

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

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

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

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

25 (iii) initiate any civil action based on information obtained
 26 from the NMLSR if the person could not have initiated the
 27 action based on information otherwise available to the person
 28 under any other state law.

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

32 (i) furnished by the director, the director's designee, or a
 33 licensee; or

34 (ii) otherwise obtained by the NMLSR;

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

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

42 (i) to the director; or



- 1 (ii) by the director;
 2 under this subsection does not result in a waiver of any applicable
 3 privilege or claim of confidentiality with respect to the
 4 documents, materials, or information.
 5 (d) Information provided to the NMLSR is subject to IC 4-1-11.
 6 (e) This subsection does not limit or impair a person's right to:
 7 (i) obtain information;
 8 (ii) use information as evidence in a civil action or proceeding;
 9 or
 10 (iii) use information to initiate a civil action or proceeding;
 11 if the information may be obtained from the director or the
 12 director's designee under any law.
 13 (f) The requirements under any federal law or IC 5-14-3 regarding
 14 the privacy or confidentiality of any information or material
 15 provided to the NMLSR, and any privilege arising under federal
 16 or state law, including the rules of any federal or state court, with
 17 respect to the information or material, continue to apply to the
 18 information or material after the information or material has been
 19 disclosed to the NMLSR. The information and material may be
 20 shared with all state and federal regulatory officials with financial
 21 services industry oversight authority without the loss of privilege
 22 or the loss of confidentiality protections provided by federal law
 23 or IC 5-14-3.
 24 (g) For purposes of this section, the director may enter agreements
 25 or sharing arrangements with other governmental agencies, the
 26 Conference of State Bank Supervisors, or other associations
 27 representing governmental agencies as established by rule or
 28 order of the director.
 29 (h) Information or material that is subject to a privilege or
 30 confidentiality under subdivision (f) is not subject to:
 31 (i) disclosure under any federal or state law governing the
 32 disclosure to the public of information held by an officer or an
 33 agency of the federal government or the respective state; or
 34 (ii) subpoena, discovery, or admission into evidence, in any
 35 private civil action or administrative process, unless with
 36 respect to any privileged information or material held by the
 37 NMLSR, the person to whom the information or material
 38 pertains waives, in whole or in part, in the discretion of the
 39 person, that privilege.
 40 (i) Any provision of IC 5-14-3 that concerns the disclosure of:
 41 (i) confidential supervisory information; or
 42 (ii) any information or material described in subdivision (f);



1 and that is inconsistent with subdivision (f) is superseded by this
2 section.

3 (j) This section does not apply with respect to information or
4 material that concerns the employment history of, and publicly
5 adjudicated disciplinary and enforcement actions against, a
6 person licensed in accordance with section 502 of this chapter and
7 described in section 503(2) of this chapter and that is included in
8 the NMLSR for access by the public.

9 (k) The director may require a licensee required to submit
10 information to the NMLSR to pay a processing fee considered
11 reasonable by the director. In determining whether an NMLSR
12 processing fee is reasonable, the director shall:

- 13 (i) require review of; and
- 14 (ii) make available;

15 the audited financial statements of the NMLSR.

16 (7) Notwithstanding any other provision of law, any:

17 (a) application, renewal, or other form or document that:

- 18 (i) relates to licenses issued under section 502 of this chapter;
- 19 and
- 20 (ii) is made or produced in an electronic format;

21 (b) document filed as an electronic record in a multistate
22 automated repository established and operated for the licensing or
23 registration of financial services entities and their employees; or

24 (c) electronic record filed through the NMLSR;

25 is considered a valid original document when reproduced in paper form
26 by the department.

27 SECTION 18. IC 24-4.5-3-508 IS REPEALED [EFFECTIVE JULY
28 1, 2019]. ~~Sec. 508: Loan Finance Charge for Supervised Loans – (1)~~
29 ~~With respect to a supervised loan, including a loan pursuant to a~~
30 ~~revolving loan account, a supervised lender may contract for and~~
31 ~~receive a loan finance charge not exceeding that permitted by this~~
32 ~~section.~~

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

- 35 ~~(a) the total of:~~
 - 36 ~~(i) thirty-six percent (36%) per year on that part of the unpaid~~
 - 37 ~~balances of the principal which is two thousand dollars~~
 - 38 ~~(\$2,000) or less;~~
 - 39 ~~(ii) twenty-one percent (21%) per year on that part of the~~
 - 40 ~~unpaid balances of the principal which is more than two~~
 - 41 ~~thousand dollars (\$2,000) but does not exceed four thousand~~
 - 42 ~~dollars (\$4,000); and~~



- 1 (iii) fifteen percent (15%) per year on that part of the unpaid
 2 balances of the principal which is more than four thousand
 3 dollars (\$4,000); or
 4 (b) twenty-five percent (25%) per year on the unpaid balances of
 5 the principal.
- 6 (3) This section does not limit or restrict the manner of contracting
 7 for the loan finance charge, whether by way of add-on, discount, or
 8 otherwise, so long as the rate of the loan finance charge does not
 9 exceed that permitted by this section. If the loan is precomputed:
- 10 (a) the loan finance charge may be calculated on the assumption
 11 that all scheduled payments will be made when due; and
 12 (b) the effect of prepayment is governed by the provisions on
 13 rebate upon prepayment in section 210 of this chapter.
- 14 (4) The term of a loan for the purposes of this section commences
 15 on the date the loan is made. Differences in the lengths of months are
 16 disregarded, and a day may be counted as one-thirtieth (1/30) of a
 17 month. Subject to classifications and differentiations the lender may
 18 reasonably establish, a part of a month in excess of fifteen (15) days
 19 may be treated as a full month if periods of fifteen (15) days or less are
 20 disregarded and that procedure is not consistently used to obtain a
 21 greater yield than would otherwise be permitted.
- 22 (5) Subject to classifications and differentiations the lender may
 23 reasonably establish, the lender may make the same loan finance
 24 charge on all principal amounts within a specified range. A loan
 25 finance charge does not violate subsection (2) if:
- 26 (a) when applied to the median amount within each range, it does
 27 not exceed the maximum permitted in subsection (2); and
 28 (b) when applied to the lowest amount within each range, it does
 29 not produce a rate of loan finance charge exceeding the rate
 30 calculated according to paragraph (a) by more than eight percent
 31 (8%) of the rate calculated according to paragraph (a).
- 32 (6) The amounts of two thousand dollars (\$2,000) and four thousand
 33 dollars (\$4,000) in subsection (2) and thirty dollars (\$30) in subsection
 34 (7) are subject to change pursuant to the provisions on adjustment of
 35 dollar amounts (IC 24-4.5-1-106). However, notwithstanding
 36 IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars
 37 (\$30), the Reference Base Index to be used is the Index for October
 38 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the
 39 amounts of two thousand dollars (\$2,000) and four thousand dollars
 40 (\$4,000), the Reference Base Index to be used is the Index for October
 41 2012.
- 42 (7) With respect to a supervised loan not made pursuant to a



1 revolving loan account; the lender may contract for and receive a
 2 minimum loan finance charge of not more than thirty dollars (\$30). The
 3 minimum loan finance charge allowed under this subsection may be
 4 imposed only if the lender does not assess a nonrefundable prepaid
 5 finance charge under subsection (8) and:

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

9 (b) the loan; refinancing; or consolidation prepaid by the debtor
 10 is subject to a loan finance charge that:

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

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

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

16 (8) Except as provided in subsection (7); in addition to the loan
 17 finance charge provided for in this section and to any other charges and
 18 fees permitted by this chapter, the lender may contract for and receive
 19 a nonrefundable prepaid finance charge of not more than fifty dollars
 20 (\$50):

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

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

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

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

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

40 SECTION 19. IC 24-4.5-3-509 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 509. Use of Multiple
 42 Agreements. — With respect to a consumer loan, no lender may permit



1 any person, or husband and wife, to become obligated in any way under
 2 more than one loan agreement with the lender or with a person related
 3 to the lender, with intent to obtain a higher rate of loan finance charge
 4 than would otherwise be permitted by the provisions on loan finance
 5 charge for ~~supervised consumer~~ loans (~~IC 24-4.5-3-508~~)
 6 **(IC 24-4.5-3-201)** or to avoid disclosure of an annual percentage rate
 7 pursuant to the provisions on disclosure (Part 3). The excess amount of
 8 loan finance charge provided for in agreements in violation of this
 9 section is an excess charge for the purposes of the provisions on effect
 10 of violations on rights of parties (IC 24-4.5-5-202) and the provisions
 11 on civil actions by the department (IC 24-4.5-6-113).

12 SECTION 20. IC 24-4.5-3-510, AS AMENDED BY P.L.186-2015,
 13 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2019]: Sec. 510. Restrictions on Interest in Land as Security

15 — ~~(1)~~ With respect to a ~~supervised consumer~~ loan:

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

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

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

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

28 SECTION 21. IC 24-4.5-3-511, AS AMENDED BY THE
 29 TECHNICAL CORRECTIONS BILL OF THE 2019 GENERAL
 30 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2019]: Sec. 511. Regular Schedule of Payments; Maximum
 32 Loan Term — ~~(1)~~ **Supervised Consumer** loans not made pursuant to
 33 a revolving loan account, **having a loan finance charge under section**
 34 **201(1) of this chapter that exceeds twenty-five percent (25%) per**
 35 **year on the unpaid balances of the principal**, and in which the
 36 principal is four thousand dollars (\$4,000) or less are payable in a
 37 single instalment or shall be scheduled to be payable in substantially
 38 equal instalments that are payable at equal periodic intervals, except to
 39 the extent that the schedule of payments is adjusted to the seasonal or
 40 irregular income of the debtor, and:

41 (a) over a period of not more than thirty-seven (37) months if the
 42 principal is more than ~~three~~ **one thousand one** hundred dollars



1 ~~(\$300); (\$1,100), but not more than four thousand dollars~~
 2 ~~(\$4,000); or~~

3 (b) over a period of not more than twenty-five (25) months if the
 4 principal is ~~three one thousand one~~ hundred dollars ~~(\$300)~~
 5 ~~(\$1,100)~~ or less.

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

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

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

15 SECTION 22. IC 24-4.5-3-513 IS REPEALED [EFFECTIVE JULY
 16 1, 2019]. Sec. 513. Application of Other Provisions — Except as
 17 otherwise provided, all provisions of this Article applying to consumer
 18 loans apply to supervised loans.

19 SECTION 23. IC 24-4.5-4-107, AS AMENDED BY P.L.141-2005,
 20 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2019]: Sec. 107. Maximum Charge by Creditor for Insurance
 22 — (1) Except as provided in subsection (2), if a creditor contracts for
 23 or receives a separate charge for insurance, the amount charged to the
 24 debtor for the insurance may not exceed the premium to be charged by
 25 the insurer, as computed at the time the charge to the debtor is
 26 determined, conforming to any rate filings required by law and made
 27 by the insurer with the Insurance Commissioner.

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

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

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

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

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



1 SECTION 24. IC 24-4.5-4-301, AS AMENDED BY P.L.137-2014,
 2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2019]: Sec. 301. Property Insurance — (1) A creditor may not
 4 contract for or receive a separate charge for insurance against loss of
 5 or damage to property unless:

6 (a) the insurance covers a substantial risk of loss of or damage to
 7 property related to the credit transaction;

8 (b) the amount, terms, and conditions of the insurance are
 9 reasonable in relation to the character and value of the property
 10 insured or to be insured; and

11 (c) the term of the insurance is reasonable in relation to the terms
 12 of credit.

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

15 (3) A creditor may not contract for or receive a separate charge for
 16 insurance against loss of or damage to property unless the amount
 17 financed or principal exclusive of charges for the insurance is ~~three~~
 18 ~~hundred one thousand~~ **dollars (\$300) (\$1,000)** or more, and the value
 19 of the property is ~~three hundred one thousand~~ **dollars (\$300) (\$1,000)**
 20 or more.

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

26 SECTION 25. IC 24-4.5-5-103, AS AMENDED BY P.L.186-2015,
 27 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2019]: Sec. 103. Restrictions on Deficiency Judgments in
 29 Consumer Credit Sales — (1) This section applies to a consumer credit
 30 sale of goods or services.

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

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



1 from the sale.

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

7 (5) The buyer may be liable in damages to the seller if the buyer has
8 wrongfully damaged the collateral or if, after default and demand, the
9 buyer has wrongfully failed to make the collateral available to the
10 seller.

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

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

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

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

23 SECTION 26. IC 24-4.5-5-202 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 202. Effect of
25 Violations on Rights of Parties — (1) If a creditor has violated the
26 provision of this Article applying to limitations on the schedule of
27 payments or loan term for ~~supervised loans~~ **a consumer loan with a**
28 **loan finance charge under IC 24-4.5-3-201(1) that exceeds**
29 **twenty-five percent (25%) per year on the unpaid balances of the**
30 **principal** (IC 24-4.5-3-511), the debtor is not obligated to pay the loan
31 finance charge, and has a right to recover from the person violating this
32 Article or from an assignee of that person's rights who undertakes
33 direct collection of payments or enforcement of rights arising from the
34 debt a penalty in an amount determined by the court not in excess of
35 three times the amount of the loan finance charge. No action pursuant
36 to this subsection may be brought more than one (1) year after the due
37 date of the last scheduled payment of the agreement with respect to
38 which the violation occurred.

39 (2) If a creditor has violated the provisions of this Article applying
40 to authority to make consumer loans (IC 24-4.5-3-502), the loan is void
41 and the debtor is not obligated to pay either the principal or loan
42 finance charge. If the debtor has paid any part of the principal or of the



1 loan finance charge, the debtor has a right to recover the payment from
2 the person violating this Article or from an assignee of that person's
3 rights who undertakes direct collection of payments or enforcement of
4 rights arising from the debt. With respect to violations arising from
5 loans made pursuant to revolving loan accounts, no action pursuant to
6 this subsection may be brought more than two (2) years after the
7 violation occurred. With respect to violations arising from other loans,
8 no action pursuant to this subsection may be brought more than one (1)
9 year after the due date of the last scheduled payment of the agreement
10 pursuant to which the charge was paid.

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

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

39 (5) Except as otherwise provided, no violation of this Article
40 impairs rights on a debt.

41 (6) If an employer discharges an employee in violation of the
42 provisions prohibiting discharge (IC 24-4.5-5-106), the employee may



1 within six (6) months bring a civil action for recovery of wages lost as
 2 a result of the violation and for an order requiring the reinstatement of
 3 the employee. Damages recoverable shall not exceed lost wages for six
 4 (6) weeks.

5 (7) If the creditor establishes by a preponderance of evidence that
 6 a violation is unintentional or the result of a bona fide error, no liability
 7 is imposed under subsections (1), (2), and (4) and the validity of the
 8 transaction is not affected.

9 (8) In any case in which it is found that a creditor has violated this
 10 Article, the court may award reasonable attorney's fees incurred by the
 11 debtor.

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

16 SECTION 27. IC 24-4.5-6-107, AS AMENDED BY P.L.137-2014,
 17 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2019]: Sec. 107. (1) Except as otherwise provided,
 19 IC 4-21.5-3 governs all agency action taken by the department under
 20 this chapter or ~~IC 24-4.5-3-501~~ **IC 24-4.5-3-502** through
 21 ~~IC 24-4.5-3-513~~; **IC 24-4.5-3-512**. All proceedings for administrative
 22 review under IC 4-21.5-3 or judicial review under IC 4-21.5-5 shall be
 23 held in Marion County. The provisions of IC 4-22-2 prescribing
 24 procedures for the adoption of rules by agencies apply to the adoption
 25 of rules by the department of financial institutions under this article.
 26 However, if the department declares an emergency in the document
 27 containing the rule, the department may adopt rules permitted by this
 28 chapter under IC 4-22-2-37.1.

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

32 SECTION 28. IC 24-4.5-7-101 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 101. This chapter shall
 34 be known and may be cited as Uniform Consumer Credit Code —
 35 **Small Loans and Unsecured Consumer Installment Loans.**

36 SECTION 29. IC 24-4.5-7-102, AS AMENDED BY P.L.69-2018,
 37 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2019]: Sec. 102. (1) Except as otherwise provided, all
 39 provisions of this article applying to consumer loans, including
 40 IC 24-4.5-3-502.2, apply to:

- 41 (a) small loans (as defined in **section 104** of this chapter); and
 42 (b) **unsecured consumer installment loans (as defined in**



- 1 **section 104.5 of this chapter).**
 2 (2) Subject to subsection (7), a person may not regularly engage in
 3 Indiana in any of the following actions unless the department first
 4 issues to the person a license under this chapter:
 5 (a) The making of:
 6 (i) small loans; **or**
 7 (ii) **unsecured consumer installment loans;**
 8 **under this chapter.**
 9 (b) Taking assignments of:
 10 (i) small loans; **or**
 11 (ii) **unsecured consumer installment loans;**
 12 **under this chapter.**
 13 (c) Undertaking the direct collection of payments from or the
 14 enforcement of rights against debtors arising from:
 15 (i) small loans; **or**
 16 (ii) **unsecured consumer installment loans;**
 17 **under this chapter.**
 18 (3) Subject to subsection (4), a person that seeks licensure under
 19 this chapter:
 20 (a) shall apply to the department for a license in the form and
 21 manner prescribed by the department; and
 22 (b) is subject to the same licensure requirements and procedures
 23 as an applicant for a license to make consumer loans (other than
 24 mortgage transactions) under IC 24-4.5-3-502.
 25 (4) A person that seeks to make, take assignments of, or undertake
 26 the direct collection of payments from or the enforcement of rights
 27 against debtors arising from both:
 28 (a) small loans **or unsecured consumer installment loans** under
 29 this chapter; and
 30 (b) consumer loans (other than mortgage transactions) that are not
 31 small loans **or unsecured consumer installment loans;**
 32 must obtain a separate license from the department for ~~each type of~~
 33 **loan; loans described in subdivision (a) and for loans described in**
 34 **subdivision (b)** as described in IC 24-4.5-3-502(5).
 35 (5) This chapter applies to:
 36 (a) a lender;
 37 (b) a bank, savings association, credit union, or other state or
 38 federally regulated financial institution except those that are
 39 specifically exempt regarding limitations on interest rates and
 40 fees; or
 41 (c) a person, if the department determines that a transaction is:
 42 (i) in substance a disguised loan; or



1 (ii) the application of subterfuge for the purpose of avoiding
 2 this chapter.
 3 (6) A loan that:
 4 (a) does not qualify as a small loan under section 104 of this
 5 chapter;
 6 (b) is for a term shorter than that specified in section 401(1) of
 7 this chapter; or
 8 (c) is made in violation of section 201, 401, 402, 404, or 410 of
 9 this chapter;
 10 is subject to this article. The department may conform the loan finance
 11 charge for a loan described in this subsection to the limitations set forth
 12 in ~~IC 24-4.5-3-508(2)~~; **IC 24-4.5-3-201(1)**.

13 **(7) A loan that:**
 14 **(a) does not qualify as an unsecured consumer installment**
 15 **loan under section 104.5 of this chapter;**
 16 **(b) is for a term shorter than that specified in section**
 17 **401.5(1)(a) of this chapter; or**
 18 **(c) is made in violation of section 201.5, 401.5, 402.5, 404, or**
 19 **410 of this chapter;**
 20 **is subject to this article.**

21 ~~(7)~~ **(8)** Notwithstanding IC 24-4.5-1-301.5, for purposes of
 22 subsection (2), a person "regularly engages" in any of the activities
 23 described in subsection (2) with respect to a small loan **or an**
 24 **unsecured consumer installment loan** if the person:
 25 (a) performed any of the activities described in subsection (2)
 26 with respect to a small loan **or an unsecured consumer**
 27 **installment loan** at least one (1) time in the preceding calendar
 28 year; or
 29 (b) performs or will perform any of the activities described in
 30 subsection (2) with respect to a small loan **or an unsecured**
 31 **consumer installment loan** at least one (1) time in the current
 32 calendar year if the person did not perform any of the activities
 33 described in subsection (2) with respect to a small loan **or an**
 34 **unsecured consumer installment loan** at least one (1) time in
 35 the preceding calendar year.

36 SECTION 30. IC 24-4.5-7-103, AS AMENDED BY P.L.57-2006,
 37 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2019]: Sec. 103. The following definitions apply to this
 39 chapter:

- 40 "Small loan" Section 7-104
 41 "Unsecured consumer
 42 installment loan" Section 7-104.5



1	"Principal"	Section 7-105
2	"Check"	Section 7-106
3	"Renewal"	Section 7-107
4	"Consecutive small loan"	Section 7-108
5	"Consecutive unsecured	
6	consumer installment loan"	Section 7-108.5
7	"Paid in full"	Section 7-109
8	"Monthly gross income"	Section 7-110
9	"Lender"	Section 7-111
10	SECTION 31. IC 24-4.5-7-104, AS AMENDED BY P.L.216-2013,	
11	SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
12	JULY 1, 2019]: Sec. 104. (†) "Small loan" means a loan:	
13	(a) with a principal loan amount that is at least fifty dollars (\$50)	
14	and not more than five six hundred fifty five dollars (\$550);	
15	(\$605); and	
16	(b) in which the lender holds the borrower's check for a specific	
17	period, or receives the borrower's written authorization to debit	
18	the borrower's account (other than as a result of default) under an	
19	agreement, either express or implied, for a specific period, before	
20	the lender:	
21	(i) offers the check for deposit or presentment; or	
22	(ii) exercises the authorization to debit the borrower's account.	
23	(2) The amount of five hundred fifty dollars (\$550) in subsection	
24	(†)(a) is subject to change under the provisions on adjustment of dollar	
25	amounts (IC 24-4.5-1-106). However, notwithstanding	
26	IC 24-4.5-1-106(†), the Reference Base Index to be used under this	
27	subsection is the Index for October 2006.	
28	SECTION 32. IC 24-4.5-7-104.5 IS ADDED TO THE INDIANA	
29	CODE AS A NEW SECTION TO READ AS FOLLOWS	
30	[EFFECTIVE JULY 1, 2019]: Sec. 104.5. (1) "Unsecured consumer	
31	installment loan" means a loan:	
32	(a) with a principal loan amount that is:	
33	(i) more than six hundred five dollars (\$605) and not more	
34	than one thousand five hundred dollars (\$1,500); and	
35	(ii) payable in three (3) or more substantially equal	
36	periodic payments;	
37	(b) in which the lender holds one (1) or more checks of the	
38	borrower for a specific period, or receives the borrower's	
39	written authorization to debit the borrower's account (other	
40	than as a result of default) on one (1) or more occasions under	
41	an agreement, either express or implied, for a specific period,	
42	before the lender:	



- 1 (i) offers one (1) or more checks of the borrower for
- 2 deposit or presentment; or
- 3 (ii) exercises an authorization to debit the borrower's
- 4 account; and
- 5 (c) in which:
- 6 (i) a check of the borrower; or
- 7 (ii) an authorization to debit the borrower's account;
- 8 described in subdivision (b) does not constitute security for
- 9 the loan.

10 (2) The term does not include a consumer loan made under
 11 IC 24-4.5-3.

12 SECTION 33. IC 24-4.5-7-105 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 105. "Principal", **when**
 14 **used in connection with a small loan or an unsecured consumer**
 15 **installment loan**, means the total of

- 16 (a) the net amount paid to, receivable by, or paid or payable from
- 17 the account of the borrower. ~~and~~
- 18 (b) ~~to the extent that the payment is deferred, the additional~~
- 19 ~~charges permitted by this chapter that are not included in~~
- 20 ~~subdivision (a):~~

21 SECTION 34. IC 24-4.5-7-107 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 107. (1) "Renewal",
 23 **when used in connection with a small loan**, refers to a small loan that
 24 takes the place of an existing small loan by:

- 25 (a) renewing;
- 26 (b) repaying;
- 27 (c) refinancing; or
- 28 (d) consolidating;

29 a small loan with the proceeds of another small loan made to the same
 30 borrower by a lender.

31 (2) "Renewal", when used in connection with an unsecured
 32 consumer installment loan, refers to an unsecured consumer
 33 installment loan that takes the place of an existing unsecured
 34 consumer installment loan by:

- 35 (a) renewing;
- 36 (b) repaying;
- 37 (c) refinancing; or
- 38 (d) consolidating;

39 an unsecured consumer installment loan with the proceeds of
 40 another unsecured consumer installment loan made to the same
 41 borrower by a lender.

42 SECTION 35. IC 24-4.5-7-108.5 IS ADDED TO THE INDIANA



1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2019]: **Sec. 108.5. "Consecutive unsecured**
 3 **consumer installment loan" means a new unsecured consumer**
 4 **installment loan agreement that a lender enters with the same**
 5 **borrower not later than seven (7) calendar days after a previous**
 6 **unsecured consumer installment loan made to that borrower is**
 7 **paid in full.**

8 SECTION 36. IC 24-4.5-7-109, AS AMENDED BY P.L.57-2006,
 9 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2019]: Sec. 109. **(1) "Paid in full", with respect to a small**
 11 **loan, means the termination of a the small loan through:**

12 (1) the presentment of the borrower's check for payment by the
 13 drawee bank, or the exercise by the lender of an authorization to
 14 debit an account of the borrower; or

15 (2) the return of a check to a borrower who redeems it for
 16 consideration.

17 **(2) "Paid in full", with respect to an unsecured consumer**
 18 **installment loan, means the termination of the unsecured consumer**
 19 **installment loan through:**

20 **(1) the presentment of one (1) or more of the borrower's**
 21 **checks for payment by the drawee bank, or the exercise by the**
 22 **lender of one (1) or more authorizations to debit an account**
 23 **of the borrower; or**

24 **(2) the return of one (1) or more checks to a borrower who**
 25 **redeems them for consideration.**

26 SECTION 37. IC 24-4.5-7-110 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 110. "Monthly gross
 28 income" means the income received by the borrower in the thirty (30)
 29 day period preceding the borrower's application for:

30 **(a) a small loan; or**

31 **(b) an unsecured consumer installment loan;**

32 under this chapter and exclusive of any income other than regular gross
 33 pay received, or as otherwise determined by the department.

34 SECTION 38. IC 24-4.5-7-111, AS AMENDED BY P.L.186-2015,
 35 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2019]: Sec. 111. "Lender" means a person that acquires and
 37 retains a license issued by the department of financial institutions under
 38 this chapter to engage in small loans **or unsecured consumer**
 39 **installment loans.**

40 SECTION 39. IC 24-4.5-7-201, AS AMENDED BY P.L.217-2007,
 41 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2019]: Sec. 201. (1) Finance charges on the first two hundred



1 fifty dollars (\$250) of a small loan are limited to fifteen percent (15%)
2 of the principal.

3 (2) Finance charges on the amount of a small loan greater than two
4 hundred fifty dollars (\$250) and less than or equal to four hundred
5 dollars (\$400) are limited to thirteen percent (13%) of the amount over
6 two hundred fifty dollars (\$250) and less than or equal to four hundred
7 dollars (\$400).

8 (3) Finance charges on the amount of the small loan greater than
9 four hundred dollars (\$400) and less than or equal to ~~five six~~ hundred
10 ~~fifty five~~ dollars (~~\$550~~) (**\$605**) are limited to ten percent (10%) of the
11 amount over four hundred dollars (\$400) and less than or equal to ~~five~~
12 ~~six hundred fifty five~~ dollars (~~\$550~~): (**\$605**).

13 ~~(4) The amount of five hundred fifty dollars (\$550) in subsection (3)~~
14 ~~is subject to change under the provisions on adjustment of dollar~~
15 ~~amounts (IC 24-4.5-1-106). However, notwithstanding~~
16 ~~IC 24-4.5-1-106(1), the Reference Base Index to be used under this~~
17 ~~subsection is the index for October 2006.~~

18 SECTION 40. IC 24-4.5-7-201.5 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2019]: **Sec. 201.5. (1) For each unsecured**
21 **consumer installment loan made under this chapter, a lender may**
22 **charge a monthly maintenance fee computed in advance, for each**
23 **full month in the loan term, not to exceed nine dollars (\$9) per one**
24 **hundred dollars (\$100) of original principal. If an unsecured**
25 **consumer installment loan is prepaid before the maturity of the**
26 **loan term, the lender shall refund to the borrower a prorated**
27 **portion of the monthly maintenance fee based upon the ratio that**
28 **the days left in the loan term before maturity bears to the total**
29 **number of days in the loan term.**

30 **(2) A lender may charge only those charges authorized in this**
31 **chapter in connection with an unsecured consumer installment**
32 **loan.**

33 SECTION 41. IC 24-4.5-7-202, AS AMENDED BY P.L.69-2018,
34 SECTION 26, IS AMENDED TO READ AS FOLLOWS [JULY 1,
35 2019][EFFECTIVE JULY 1, 2019]: **Sec. 202. (1) Notwithstanding any**
36 **other law, the only fee that may be contracted for and received by the**
37 **lender or an assignee on a small loan or an unsecured consumer**
38 **installment loan is a charge, not to exceed twenty-five dollars (\$25),**
39 **for each:**

- 40 (a) return by a bank or other depository institution of a
41 dishonored:
42 (i) check;



- 1 (ii) electronic funds transfer;
 2 (iii) negotiable order of withdrawal; or
 3 (iv) share draft;
 4 issued by the borrower; or
 5 (b) time an authorization to debit the borrower's account is
 6 dishonored.

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

- 10 (2) A lender may:
 11 (a) present a borrower's check for payment; or
 12 (b) exercise a borrower's authorization to debit the borrower's
 13 account;
 14 not more than three (3) times.

15 SECTION 42. IC 24-4.5-7-301, AS AMENDED BY P.L.69-2018,
 16 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2019]: Sec. 301. (1) For purposes of this section, the lender
 18 shall disclose to the borrower to whom credit is extended with respect
 19 to a small loan **or unsecured consumer installment loan** the
 20 information required by the Consumer Credit Protection Act (15 U.S.C.
 21 1601 et seq.).

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

26 "WARNING: A small loan **or an unsecured consumer**
 27 **installment loan** is not intended to meet long term financial
 28 needs. A small loan **or an unsecured consumer installment loan**
 29 should be used only to meet short term cash needs. The cost of
 30 your small loan **or unsecured consumer installment loan** may
 31 be higher than loans offered by other lending institutions. Small
 32 loans **and unsecured consumer installment loans** are regulated
 33 by the State of Indiana Department of Financial Institutions.
 34 A borrower may rescind a small loan without cost by paying the
 35 cash amount of the principal of the ~~small~~ loan to the lender not
 36 later than the end of the business day immediately following the
 37 day on which the borrower receives the loan proceeds. **A**
 38 **borrower may rescind an unsecured consumer installment**
 39 **loan without cost by paying the cash amount of the principal**
 40 **of the loan to the lender not later than the end of the third**
 41 **business day after the day on which the borrower receives the**
 42 **loan proceeds."**



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

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

3 (b) not less than one (1) inch bold print in the lending area of the
4 business location.

5 (4) When a borrower enters into a small loan **or an unsecured**
6 **consumer installment loan**, the lender shall provide the borrower with
7 a pamphlet approved by the department that describes:

8 (a) the availability of debt management and credit counseling
9 services; ~~and~~

10 (b) the borrower's rights and responsibilities in the transaction;
11 **and**

12 **(c) the availability of the 211 telephone dialing code for access**
13 **to human services information and referrals, including**
14 **information on and referrals to governmental or nonprofit**
15 **organizations that assist persons in paying for housing costs,**
16 **utility bills, and food.**

17 (5) For each license issued under this chapter, a lender shall
18 remit to the department at the time of license renewal under
19 IC 24-4.5-3-503.6:

20 (a) an additional annual fee, paid separately, in the amount of
21 one thousand dollars (\$1,000) per license; plus

22 (b) an additional one thousand dollars (\$1,000) per branch
23 location in Indiana from which the lender makes small loans
24 or unsecured consumer installment loans under this chapter,
25 after the lender's first Indiana location from which the lender
26 makes small loans or unsecured consumer installment loans
27 under this chapter;

28 to be held by the department in the consumer financial education
29 fund established by section 301.5 of this chapter and used
30 exclusively, in the department's discretion, for providing or
31 supporting financial education programs for the benefit of Indiana
32 consumers. A lender may not pass any part of the amounts
33 required by this subsection onto borrowers by imposing an
34 additional charge in connection with any small loan or unsecured
35 consumer installment loan, or through any charge or fee
36 authorized under section 201 or 201.5 of this chapter.

37 SECTION 43. IC 24-4.5-7-301.5 IS ADDED TO THE INDIANA
38 CODE AS A NEW SECTION TO READ AS FOLLOWS
39 [EFFECTIVE JULY 1, 2019]: **Sec. 301.5. (1) The consumer financial**
40 **education fund is established for the purpose of paying:**

41 (a) expenses incurred by the department in administering
42 section 301(5) of this chapter and IC 24-4.5-8-109(6); and



1 **(b) all expenses incurred and all compensation paid by the**
 2 **department relating to consumer financial education.**

3 **The department shall administer the fund.**

4 **(2) The fund consists of:**

5 **(a) money deposited in the fund under section 301(5) of this**
 6 **chapter and IC 24-4.5-8-109(6); and**

7 **(b) donations, gifts, and money received from any other**
 8 **source.**

9 **(3) The expenses of administering the fund shall be paid from**
 10 **money in the fund.**

11 **(4) The treasurer of state shall invest the money in the fund not**
 12 **currently needed to meet the obligations of the fund in the same**
 13 **manner as other public money may be invested. Interest that**
 14 **accrues from these investments shall be deposited in the fund.**

15 **(5) Money in the fund at the end of a state fiscal year does not**
 16 **revert to the state general fund.**

17 **(6) Money in the fund is appropriated for the purpose set forth**
 18 **in subsection (1).**

19 SECTION 44. IC 24-4.5-7-401, AS AMENDED BY P.L.69-2018,
 20 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2019]: Sec. 401. (1) A small loan may not be made for a term
 22 of less than fourteen (14) days.

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

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

31 (a) the third consecutive small loan; and

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

34 under an extended payment plan. At the time of execution of a small
 35 loan described in subdivision (a) or (b), the lender shall disclose to the
 36 borrower the extended payment plan option by providing the borrower
 37 a written description of the extended payment plan option in a separate
 38 disclosure document approved by the director.

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

41 (a) A borrower shall be permitted to request an extended payment
 42 plan at any time during the term of a third or subsequent



- 1 consecutive small loan if:
- 2 (i) the borrower has not defaulted on the outstanding small
- 3 loan; and
- 4 (ii) the rescission period under section 402(6) of this chapter
- 5 has expired.
- 6 (b) An extended payment plan must allow the outstanding small
- 7 loan to be paid in at least four (4) equal installments over a period
- 8 of not less than sixty (60) days.
- 9 (c) An agreement for an extended payment plan may not require
- 10 a borrower to pay any amount before the original maturity date of
- 11 the outstanding small loan.
- 12 (d) The lender may not assess any fee or charge on a borrower for
- 13 entering into an extended payment plan.
- 14 (e) An agreement for an extended payment plan must be in
- 15 writing and acknowledged by both the borrower and the lender.
- 16 (f) A borrower may not enter into another small loan transaction
- 17 while engaged in an extended payment plan.
- 18 (g) A lender shall not:
- 19 (i) compel, advise, solicit, or coerce a borrower to not exercise
- 20 the borrower's right to request an extended payment plan;
- 21 (ii) discourage a borrower from exercising the borrower's right
- 22 to request an extended payment plan; or
- 23 (iii) take any other action to influence a borrower's right to
- 24 request an extended payment plan.
- 25 (5) An agreement for an extended payment plan under subsection
- 26 (3):
- 27 (a) shall be considered an extension of the outstanding small loan;
- 28 and
- 29 (b) may not be considered a new loan.
- 30 **(6) A lender shall not make a small loan to a borrower within**
- 31 **fifteen (15) days after an unsecured consumer installment loan**
- 32 **made to the borrower is paid in full.**
- 33 SECTION 45. IC 24-4.5-7-401.5 IS ADDED TO THE INDIANA
- 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 35 [EFFECTIVE JULY 1, 2019]: **Sec. 401.5. (1) An unsecured consumer**
- 36 **installment loan may not be made for a term of:**
- 37 **(a) less than six (6) months; or**
- 38 **(b) more than nine (9) months.**
- 39 **(2) If a consecutive unsecured consumer installment loan has**
- 40 **been made to a borrower after the borrower's initial unsecured**
- 41 **consumer installment loan, another unsecured consumer**
- 42 **installment loan may not be made to that borrower within fifteen**



1 **(15) days after the consecutive unsecured consumer installment**
 2 **loan is paid in full. After a consecutive unsecured consumer**
 3 **installment loan is made, the balance must be paid in full.**

4 **(3) A lender shall not make an unsecured consumer installment**
 5 **loan to a borrower within fifteen (15) days after a small loan made**
 6 **to the borrower is paid in full.**

7 SECTION 46. IC 24-4.5-7-402, AS AMENDED BY P.L.69-2018,
 8 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2019]: Sec. 402. (1) A lender is prohibited from making a
 10 small loan to a borrower if the total of:

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

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

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

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

18 (a) check; or

19 (b) authorization to debit the borrower's account;

20 per small loan. The check or electronic debit may not exceed the
 21 amount advanced to or on behalf of the borrower plus loan finance
 22 charges contracted for and permitted.

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

26 (4) After any payment is made on a small loan, whether the payment
 27 is made in part or in full before, on, or after the due date of the small
 28 loan, the lender shall give a signed (**whether by written or electronic**
 29 **signature**) and dated receipt to the borrower making a payment
 30 showing the amount paid and the balance due on the small loan.

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

33 (6) A borrower may rescind a small loan without cost by paying the
 34 cash amount of the principal of the small loan to the lender not later
 35 than the end of the business day immediately following the day on
 36 which the borrower receives the proceeds.

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

39 SECTION 47. IC 24-4.5-7-402.5 IS ADDED TO THE INDIANA
 40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE JULY 1, 2019]: **Sec. 402.5. (1) A lender is prohibited**
 42 **from making an unsecured consumer installment loan to a**



1 borrower if the total monthly payment due with respect to the
 2 unsecured consumer installment loan exceeds twenty percent
 3 (20%) of the borrower's monthly gross income.

4 (2) A lender shall not require a borrower to provide more than
 5 one (1):

6 (a) check; or

7 (b) authorization to debit the borrower's account;
 8 per installment payment for each unsecured consumer installment
 9 loan. The check or electronic debit may not exceed the amount
 10 advanced to or on behalf of the borrower plus any fees contracted
 11 for and permitted under section 201.5 of this chapter.

12 (3) A borrower may make partial payments in any amount on
 13 an unsecured consumer installment loan without charge at any
 14 time before the due date of the unsecured consumer installment
 15 loan.

16 (4) After any payment is made on an unsecured consumer
 17 installment loan, whether the payment is made in part or in full
 18 before, on, or after the due date of any installment on the
 19 unsecured consumer installment loan, the lender shall give to the
 20 borrower making a payment a signed (whether by written or
 21 electronic signature) and dated receipt showing the amount paid
 22 and the balance due on the unsecured consumer installment loan.

23 (5) A borrower may prepay in full the unpaid balance of an
 24 unsecured consumer installment loan at any time without penalty.
 25 A lender may not contract for, charge, or collect a prepayment fee
 26 or penalty.

27 (6) The lender shall provide to each borrower in an unsecured
 28 consumer installment loan transaction a copy of the required loan
 29 documents before the disbursement of the loan proceeds.

30 (7) A borrower may rescind an unsecured consumer installment
 31 loan without cost by paying the cash amount of the principal of the
 32 unsecured consumer installment loan to the lender not later than
 33 the end of the third business day after the day on which the
 34 borrower receives the proceeds.

35 (8) A lender shall not enter into a renewal of an unsecured
 36 consumer installment loan with a borrower. If a loan is paid in full,
 37 a subsequent loan is not a renewal.

38 SECTION 48. IC 24-4.5-7-404, AS AMENDED BY P.L.35-2010,
 39 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2019]: Sec. 404. (1) As used in this section, "commercially
 41 reasonable method of verification" means a private consumer credit
 42 reporting service that the department determines to be capable of



1 providing a lender with adequate verification information necessary to
2 ensure compliance with subsection ~~(4)~~: **(6)**.

3 (2) With respect to a small loan, no lender may permit a person to
4 become obligated under more than one (1) loan agreement, **including**
5 **an agreement for an unsecured consumer installment loan**, with the
6 lender at any time.

7 **(3) With respect to an unsecured consumer installment loan, a**
8 **lender may not permit a person to become obligated under more**
9 **than one (1) loan agreement, including an agreement for a small**
10 **loan, with the lender at any time.**

11 ~~(3)~~ **(4)** A lender shall not make a small loan that, when combined
12 with the outstanding balance on another outstanding small loan owed
13 to another lender, exceeds a total of ~~five six~~ hundred ~~fifty five~~ dollars
14 ~~(\$550)~~; **(\$605)**, excluding finance charges. A lender shall not make a
15 small loan to a borrower who has:

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

18 **(2) an unsecured consumer installment loan outstanding,**
19 **regardless of the value of the unsecured consumer installment**
20 **loan.**

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

26 **(5) A lender shall not make an unsecured consumer installment**
27 **loan to a borrower who has:**

28 **(a) an unsecured consumer installment loan outstanding,**
29 **regardless of the total value of the unsecured consumer**
30 **installment loan; or**

31 **(b) one (1) or more small loans outstanding, regardless of the**
32 **total value of the small loans.**

33 ~~(4)~~ **(6)** A lender complies with ~~subsection (3)~~ **subsections (4) and**
34 **(5)** if the lender independently verifies the total number of **any**
35 outstanding small loans and the total outstanding balance of those
36 small loans for a customer, **along with whether any unsecured**
37 **consumer installment loan has been made to that customer**, through
38 a commercially reasonable method of verification. A lender's method
39 of verifying whether a borrower has any outstanding small loans, **any**
40 **outstanding unsecured consumer installment loan**, and the total
41 outstanding balance of any loans will be considered commercially
42 reasonable if the method includes a manual investigation or an



- 1 electronic query of:
- 2 (a) the lender's own records, including both records maintained at
- 3 the location where the borrower is applying for the transaction
- 4 and records maintained at other locations within the state that are
- 5 owned and operated by the lender; and
- 6 (b) an available third party data base provided by a private
- 7 consumer reporting service, subject to the identification
- 8 verification requirements set forth in subsection ~~(12)~~: **(14)**.
- 9 ~~(5)~~ **(7)** The department shall monitor the effectiveness of private
- 10 consumer credit reporting services in providing the verification
- 11 information required under subsection ~~(4)~~: **(6)**. If the department
- 12 determines that a commercially reasonable method of verification is
- 13 available, the department shall:
- 14 (a) provide reasonable notice to all lenders identifying the
- 15 commercially reasonable method of verification that is available;
- 16 and
- 17 (b) require each lender to use, consistent with the policies of the
- 18 department, the identified commercially reasonable method of
- 19 verification as a means of complying with subsection ~~(4)~~: **(6)**.
- 20 ~~(6)~~ **(8)** If a borrower presents evidence to a lender that a loan has
- 21 been discharged in bankruptcy, the lender shall cause the record of the
- 22 borrower's loan to be updated in the data base described in subsection
- 23 ~~(4)(b)~~ **(6)(b)** to reflect the bankruptcy discharge.
- 24 ~~(7)~~ **(9)** A lender shall cause the record of a borrower's loan to be
- 25 updated in the data base described in subsection ~~(4)(b)~~ **(6)(b)** to reflect:
- 26 (a) presentment of the borrower's check for payment; or
- 27 (b) exercise of the borrower's authorization to debit the borrower's
- 28 account.
- 29 If a check is returned or an authorization is dishonored because of
- 30 insufficient funds in the borrower's account, the lender shall reenter the
- 31 record of the loan in the data base.
- 32 ~~(8)~~ **(10)** A lender shall update information in a data base described
- 33 in subsection ~~(4)(b)~~ **(6)(b)** to reflect partial payments made on an
- 34 outstanding loan, the record of which is maintained in the data base.
- 35 ~~(9)~~ **(11)** If a lender ceases doing business in Indiana, the director
- 36 may require the operator of the data base described in subsection ~~(4)(b)~~
- 37 **(6)(b)** to remove records of the lender's loans from the operator's data
- 38 base.
- 39 ~~(10)~~ **(12)** The director may impose a civil penalty not to exceed one
- 40 hundred dollars (\$100) for each violation of:
- 41 (a) this section; or
- 42 (b) any rule or policy adopted by the director to implement this



- 1 section.
- 2 ~~(11)~~ **(13)** The excess amount of:
- 3 **(a) loan finance charge under section 201 of this chapter; or**
- 4 **(b) maintenance fee under section 201.5 of this chapter;**
- 5 provided for in agreements in violation of this section is an excess
- 6 charge for purposes of the provisions concerning effect of violations on
- 7 rights of parties (IC 24-4.5-5-202) and the provisions concerning civil
- 8 actions by the department (IC 24-4.5-6-113).
- 9 ~~(12)~~ **(14)** If a borrower provides the borrower's Social Security
- 10 number to a lender in connection with any transaction or proposed
- 11 transaction under this chapter, the lender shall:
- 12 (a) maintain procedures to verify that the Social Security number
- 13 provided is legitimate and belongs to the borrower; and
- 14 (b) retain copies of any documents used to verify the borrower's
- 15 Social Security number. Documentation under this subdivision
- 16 may be in electronic form and the numbers may be truncated.
- 17 If a borrower does not have a Social Security number, the lender may
- 18 require and accept another valid form of government issued
- 19 identification, subject to the requirements of subdivisions (a) and (b)
- 20 with respect to the government issued identification accepted.
- 21 SECTION 49. IC 24-4.5-7-405, AS AMENDED BY P.L.159-2017,
- 22 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 23 JULY 1, 2019]: Sec. 405. (1) This section does not apply to a business
- 24 that is licensed by the department for a purpose other than consumer
- 25 loans.
- 26 (2) A licensee may carry on other business at a location where the
- 27 licensee makes small loans **or unsecured consumer installment loans**
- 28 unless the licensee carries on other business for the purpose of evasion
- 29 or violation of this article.
- 30 SECTION 50. IC 24-4.5-7-406, AS AMENDED BY P.L.60-2016,
- 31 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 32 JULY 1, 2019]: Sec. 406. (1) An agreement with respect to a small loan
- 33 **or an unsecured consumer installment loan under this chapter** may
- 34 not provide for charges as a result of default by the borrower other than
- 35 those specifically authorized by this chapter. A provision in a ~~small~~
- 36 loan agreement in violation of this section is unenforceable.
- 37 (2) A lender or an assignee of a small loan **or an unsecured**
- 38 **consumer installment loan** may seek only the following remedies
- 39 upon default by a borrower:
- 40 (a) Recovery of:
- 41 (i) the contracted principal amount of the loan; and
- 42 (ii) ~~the loan finance a charge or fee authorized under section~~



- 1 **201 or 201.5 of this chapter.**
- 2 (b) If contracted for under section 202 of this chapter, collection
- 3 of a fee for:
- 4 (i) a returned check, **electronic funds transfer**, negotiable
- 5 order of withdrawal, or share draft; or
- 6 (ii) a dishonored authorization to debit the borrower's account;
- 7 because of insufficient funds in the borrower's account.
- 8 (c) Collection of postjudgment interest, if awarded by a court.
- 9 (d) Collection of court costs, if awarded by a court.
- 10 (3) A lender or an assignee of a small loan **or an unsecured**
- 11 **consumer installment loan** may not seek any of the following
- 12 damages or remedies upon default by a borrower:
- 13 (a) Payment of the lender's attorney's fees.
- 14 (b) Treble damages.
- 15 (c) Prejudgment interest.
- 16 (d) Damages allowed for dishonored checks under any statute
- 17 other than this chapter.
- 18 (e) Any damages or remedies not set forth in subsection (2).
- 19 (4) A contractual agreement in a small loan transaction **or an**
- 20 **unsecured consumer installment loan transaction** must include a
- 21 notice of the following in 14 point bold type:
- 22 (a) The remedies available to a lender or an assignee under
- 23 subsection (2).
- 24 (b) The remedies and damages that a lender or an assignee is
- 25 prohibited from seeking in a ~~small~~ loan transaction under
- 26 subsection (3).
- 27 SECTION 51. IC 24-4.5-7-409, AS AMENDED BY P.L.90-2008,
- 28 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 29 JULY 1, 2019]: Sec. 409. (1) This section applies to licensees and
- 30 unlicensed persons.
- 31 (2) A person who violates this chapter:
- 32 (a) is subject to the remedies provided in IC 24-4.5-5-202;
- 33 (b) commits a deceptive act under IC 24-5-0.5 and is subject to
- 34 the penalties listed in IC 24-5-0.5;
- 35 (c) has no right to collect, receive, or retain any principal, interest,
- 36 or other charges **or fees** from a small loan **or an unsecured**
- 37 **consumer installment loan**; however, this subdivision does not
- 38 apply if the violation is the result of an accident or bona fide error
- 39 of computation; and
- 40 (d) is liable to the borrower for actual damages, statutory damages
- 41 of two thousand dollars (\$2,000) per violation, costs, and
- 42 attorney's fees; however, this subdivision does not apply if the



- 1 violation is the result of an accident or bona fide error of
 2 computation.
- 3 The remedies described in this subsection are in addition to all other
 4 remedies set forth in this article.
- 5 (3) The department may sue:
- 6 (a) to enjoin any conduct that constitutes or will constitute a
 7 violation of this chapter; and
 8 (b) for other equitable relief.
- 9 (4) The remedies provided in this section are cumulative but are not
 10 intended to be the exclusive remedies available to a borrower. A
 11 borrower is not required to exhaust any administrative remedies under
 12 this section or any other applicable law.
- 13 SECTION 52. IC 24-4.5-7-410, AS AMENDED BY P.L.90-2008,
 14 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2019]: Sec. 410. A lender making small loans **or unsecured**
 16 **consumer installment loans under this chapter**, or an assignee of a
 17 **small loan made under this chapter**, shall not commit nor cause to be
 18 committed any of the following acts:
- 19 (a) Threatening to use or using the criminal process in any state
 20 to collect on a **small** loan.
- 21 (b) Threatening to take action against a borrower that is
 22 prohibited by this chapter.
- 23 (c) Making a misleading or deceptive statement regarding a **small**
 24 loan or a consequence of taking a **small** loan.
- 25 (d) Contracting for or collecting attorney's fees on **small** loans
 26 made under this chapter.
- 27 (e) Altering the date or any other information on a check or an
 28 authorization to debit the borrower's account held as security.
- 29 (f) Using a device or agreement that the department determines
 30 would have the effect of charging or collecting more fees,
 31 charges, or interest than allowed by this chapter, including, but
 32 not limited to:
- 33 (i) entering a different type of transaction with the borrower;
 34 (ii) entering into a sales/leaseback arrangement;
 35 (iii) catalog sales;
 36 (iv) entering into transactions in which a customer receives a
 37 purported cash rebate that is advanced by someone offering
 38 Internet content services, or some other product or service,
 39 when the cash rebate does not represent a discount or an
 40 adjustment of the purchase price for the product or service; or
 41 (v) entering any other transaction with the borrower that is
 42 designed to evade the applicability of this chapter.



- 1 (g) Engaging in unfair, deceptive, or fraudulent practices in the
 2 making or collecting of a **small** loan.
 3 (h) Charging to cash a check representing the proceeds of a **small**
 4 loan.
 5 (i) Except as otherwise provided in this chapter:
 6 (i) accepting the proceeds of a new **small** loan as payment of
 7 an existing **small** loan provided by the same lender; or
 8 (ii) renewing, refinancing, or consolidating a **small** loan with
 9 the proceeds of another **small** loan made by the same lender.
 10 (j) Including any of the following provisions in a loan document:
 11 (i) A hold harmless clause.
 12 (ii) A confession of judgment clause.
 13 (iii) A mandatory arbitration clause, unless the terms and
 14 conditions of the arbitration have been approved by the
 15 director of the department.
 16 (iv) An assignment of or order for payment of wages or other
 17 compensation for services.
 18 (v) A provision in which the borrower agrees not to assert a
 19 claim or defense arising out of contract.
 20 (vi) A waiver of any provision of this chapter.
 21 (k) Selling insurance of any kind in connection with the making
 22 or collecting of a **small** loan.
 23 (l) Entering into a renewal with a borrower.

24 SECTION 53. IC 24-4.5-7-411 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 411. Finance charges
 26 **or monthly maintenance fees** made in compliance with this chapter
 27 are exempt from ~~IC 24-4.5-3-508~~ and IC 35-45-7.

28 SECTION 54. IC 24-4.5-7-412, AS AMENDED BY P.L.35-2010,
 29 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2019]: Sec. 412. Upon the receipt of a check from a borrower
 31 for a small loan **or an unsecured consumer installment loan**, unless
 32 the check is marked as void at the time of acceptance by the lender, the
 33 lender shall immediately stamp the back of the check with an
 34 endorsement that states:

35 "This check is being negotiated as part of a small loan (**or an**
 36 **unsecured consumer installment loan, as applicable**) under
 37 IC 24-4.5, and any holder of this check takes it subject to the
 38 claims and defenses of the maker."

39 SECTION 55. IC 24-4.5-7-413, AS AMENDED BY P.L.216-2013,
 40 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2019]: Sec. 413. (1) A person engaged in making small loans
 42 **or unsecured consumer installment loans** under this chapter shall



1 post a bond to the department in the amount of fifty thousand dollars
 2 (\$50,000) for each location where small loans **or unsecured consumer**
 3 **installment loans** will be made, up to a maximum bond in an amount
 4 determined by the director.

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

6 (a) provide coverage for a lender engaged in making ~~small~~ loans
 7 under this chapter in an amount as prescribed in subsection (1);

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

9 (c) be in effect during the term of the lender's license under this
 10 chapter;

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

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

14 (i) the state; and

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

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

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

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

26 (4) If the principal amount of a surety bond required under this
 27 section is reduced by payment of a claim or judgment, the lender for
 28 whom the bond is issued shall immediately notify the director of the
 29 reduction and, not later than thirty (30) days after notice by the
 30 director, file a new or an additional surety bond in an amount set by the
 31 director. The amount of the new or additional bond set by the director
 32 must be at least the amount of the bond before payment of the claim or
 33 judgment.

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

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

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



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

4 SECTION 56. IC 24-4.5-8 IS ADDED TO THE INDIANA CODE
 5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2019]:

7 **Chapter 8. Small Dollar Loans**

8 **Sec. 101. This chapter shall be known and may be cited as**
 9 **Uniform Consumer Credit Code — Small Dollar Loans.**

10 **Sec. 102. As used in this chapter, "department" refers to the**
 11 **department of financial institutions established under IC 28-11.**

12 **Sec. 103. As used in this chapter, "depository institution" has**
 13 **the meaning set forth in the Federal Deposit Insurance Act (12**
 14 **U.S.C. 1813(c)). The term includes a credit union.**

15 **Sec. 104. As used in this chapter, "lender" means a person,**
 16 **other than a financial institution, that acquires and retains a**
 17 **license issued by the department to:**

- 18 (a) make small dollar loans;
- 19 (b) take assignments of small dollar loans; or
- 20 (c) undertake the direct collection of payments from or the
- 21 enforcement of rights against debtors arising from small
- 22 dollar loans;

23 **under this chapter.**

24 **Sec. 105. As used in this chapter, "refinance" means the:**

- 25 (a) satisfaction; and
- 26 (b) replacement;

27 **of an existing small dollar loan by a new small dollar loan made to**
 28 **the same consumer by the same licensee or by an employee or**
 29 **affiliate of the licensee.**

30 **Sec. 106. For purposes of this chapter and notwithstanding**
 31 **IC 24-4.5-1-301.5, a person "regularly engages" in an activity if the**
 32 **person:**

- 33 (a) performed the activity at least one (1) time during the
- 34 preceding calendar year; or
- 35 (b) performs or will perform the activity at least one (1) time
- 36 during the current calendar year.

37 **Sec. 107. As used in this chapter, "small dollar loan" means an**
 38 **unsecured loan with an amount financed of not more than three**
 39 **thousand dollars (\$3,000).**

40 **Sec. 108. This chapter:**

- 41 (a) does not apply to an extension of credit originated by a
- 42 depository institution; and



- 1 **(b) applies to a person that:**
 2 **(i) regularly engages in the making, taking assignments of,**
 3 **or undertaking the direct collection of payments from, or**
 4 **the enforcement of rights against, debtors arising from**
 5 **small dollar loans; or**
 6 **(ii) is determined by the department to be engaged in the**
 7 **making, taking assignments of, or undertaking direct**
 8 **collection of payments from, or the enforcement of rights**
 9 **against, debtors arising from a transaction that is in**
 10 **substance a disguised small dollar loan or the application**
 11 **of another subterfuge for the purpose of avoiding this**
 12 **chapter.**
- 13 **Sec. 109. (1) Except as provided in this chapter, a provision of**
 14 **this article that applies to a consumer loan applies to a small dollar**
 15 **loan.**
- 16 **(2) Subject to subsection (5), a person may not regularly engage**
 17 **in Indiana in any of the following unless the department first issues**
 18 **to the person a license under this chapter:**
- 19 **(a) Making small dollar loans.**
 20 **(b) Taking assignments of small dollar loans.**
 21 **(c) Undertaking the direct collection of payments from or the**
 22 **enforcement of rights against debtors arising from small**
 23 **dollar loans.**
- 24 **(3) A person that seeks licensure under this chapter:**
- 25 **(a) shall apply to the department for a license in the form and**
 26 **manner prescribed by the department; and**
 27 **(b) is subject to the same licensure requirements and**
 28 **procedures as an applicant for a license to make consumer**
 29 **loans (other than mortgage transactions) under**
 30 **IC 24-4.5-3-502.**
- 31 **(4) A person that seeks to make, take assignments of, or**
 32 **undertake the direct collection of payments from or the**
 33 **enforcement of rights against debtors arising from both:**
- 34 **(a) small dollar loans under this chapter; and**
 35 **(b) consumer loans (other than mortgage transactions) that**
 36 **are not small loans;**
 37 **must obtain a separate license from the department for loans**
 38 **described in subdivision (a) and loans described in subdivision (b),**
 39 **as described in IC 24-4.5-3-502(5).**
- 40 **(5) A loan that:**
- 41 **(a) does not qualify as a small dollar loan under section 107 or**
 42 **110 of this chapter;**



1 (b) is made for a term other than the term specified in section
2 110 of this chapter; or

3 (c) is made in violation of section 111 or 114 of this chapter;
4 is subject to this article. The department may conform the loan
5 finance charge for a loan described in this subsection to the
6 limitations set forth in IC 24-4.5-3-201(1).

7 (6) For each license issued under this chapter, a lender shall
8 remit to the department at the time of license renewal under
9 IC 24-4.5-3-503.6:

10 (a) an additional annual fee, paid separately, in the amount of
11 one thousand dollars (\$1,000) per license; plus

12 (b) an additional one thousand dollars (\$1,000) per branch
13 location in Indiana from which the lender makes small dollar
14 loans under this chapter, after the lender's first Indiana
15 location from which the lender makes small dollar loans
16 under this chapter;

17 to be held by the department in the consumer financial education
18 fund established by IC 24-4.5-7-301.5 and used exclusively, in the
19 department's discretion, for providing or supporting financial
20 education programs for the benefit of Indiana consumers. A lender
21 may not pass any part of the amounts required by this subsection
22 onto borrowers by imposing an additional charge in connection
23 with any small dollar loan, or through any charge authorized
24 under section 111 of this chapter.

25 Sec. 110. (1) A small dollar loan shall be:

26 (a) fully amortizing;

27 (b) repayable in its entirety in substantially equal and
28 consecutive payments; and

29 (c) made for a term of:

30 (i) not less than one hundred eighty (180) days; and

31 (ii) not more than thirty-six (36) months.

32 (2) A small dollar loan may not be secured by real or personal
33 property.

34 (3) A lender that enters into a small dollar loan transaction with
35 a borrower must include in the loan contract the following
36 statement in 14 point bold face type:

37 "This loan is made under IC 24-4.5-8 and is regulated by the
38 Indiana Department of Financial Institutions."

39 Sec. 111. (1) With respect to a small dollar loan, a lender may
40 contract for a loan finance charge, calculated according to the
41 actuarial method, of not more than seventy-two percent (72%) per
42 year on the unpaid balance of the principal.



1 (2) This section does not limit or restrict the manner of
2 contracting for the loan finance charge, whether by way of add-on,
3 discount, or otherwise, so long as the rate of the loan finance
4 charge does not exceed that permitted by this section. If the loan is
5 precomputed, the loan finance charge may be calculated on the
6 assumption that all scheduled payments will be made when due.

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

18 (4) A lender may charge, contract for, and receive only the
19 following charges and fees with respect to a small dollar loan:

20 (a) A nonrefundable prepaid finance charge of not more than
21 one hundred dollars (\$100). However, if a lender retains any
22 part of the nonrefundable prepaid finance charge charged on
23 a small dollar loan that is paid in full by a new small dollar
24 loan from the same lender, the following apply:

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

29 (ii) The lender may not assess more than two (2) prepaid
30 finance charges to the same debtor in any twelve (12)
31 month period.

32 (b) A delinquency charge in accordance with
33 IC 24-4.5-3-203.5. A delinquency charge under this
34 subdivision is not considered to be part of the loan finance
35 charge.

36 (c) A charge, not to exceed twenty-five dollars (\$25), for each
37 time an authorization to debit an account of the borrower is
38 dishonored, or for each return by a bank or other depository
39 institution of a dishonored:

40 (i) check;

41 (ii) electronic funds transfer;

42 (iii) negotiable order of withdrawal; or



- 1 (iv) share draft;
 2 issued by the borrower. This charge may be assessed only one
 3 (1) time regardless of how many times an instrument or an
 4 authorization to debit the borrower's account may be
 5 submitted by the lender and dishonored.
- 6 **Sec. 112.** A licensee under this chapter may carry on other
 7 business at a location where the licensee makes small dollar loans
 8 unless the licensee carries on other business for the purpose of
 9 evasion or violation of this article.
- 10 **Sec. 113.** (1) This section applies to licensees and unlicensed
 11 persons.
- 12 (2) A person who violates this chapter:
 13 (a) is subject to the remedies provided in IC 24-4.5-5-202;
 14 (b) commits a deceptive act under IC 24-5-0.5 and is subject
 15 to the penalties listed in IC 24-5-0.5;
 16 (c) has no right to collect, receive, or retain any principal,
 17 interest, or other charges from a small dollar loan; and
 18 (d) is liable to the borrower for actual damages, statutory
 19 damages of two thousand dollars (\$2,000) per violation, costs,
 20 and attorney's fees.
- 21 However, subdivisions (c) and (d) do not apply if the violation is the
 22 result of an accident or bona fide error of computation. The
 23 remedies described in this subsection are in addition to all other
 24 remedies set forth in this article.
- 25 (3) The department may sue:
 26 (a) to enjoin conduct that constitutes or will constitute a
 27 violation of this chapter; and
 28 (b) for other equitable relief.
- 29 (4) The remedies provided in this section are cumulative, but are
 30 not intended to be the exclusive remedies available to a borrower.
 31 A borrower is not required to exhaust any administrative remedies
 32 under this chapter or any other law.
- 33 **Sec. 114.** A lender that makes small dollar loans, or an assignee
 34 of a small dollar loan, shall not commit nor cause to be committed
 35 any of the following:
 36 (a) Threatening to use or using the criminal process in any
 37 state to collect on a small dollar loan.
 38 (b) Threatening to take action against a borrower that is
 39 prohibited by this chapter.
 40 (c) Making a misleading or deceptive statement regarding a:
 41 (i) small dollar loan; or
 42 (ii) consequence of taking a small dollar loan.



- 1 (d) Altering the date or other information on a check or an
 2 authorization to debit a borrower's account.
 3 (e) Engaging in unfair, deceptive, or fraudulent practices in
 4 the making or collecting of a small dollar loan.
 5 (f) Including any of the following provisions in a loan
 6 document:
 7 (i) A hold harmless clause.
 8 (ii) A confession of judgment clause.
 9 (iii) An assignment of or order for payment of wages or
 10 other compensation for services.
 11 (iv) A provision under which the borrower agrees not to
 12 assert a claim or defense arising out of contract.
 13 (v) A waiver of a provision of this chapter.
- 14 **Sec. 115. (1) A person engaged in making small dollar loans**
 15 **under this chapter shall post a bond to the department in the**
 16 **amount, as determined by the director, of:**
 17 (a) at least fifty thousand dollars (\$50,000) for each location
 18 where small dollar loans will be made; and
 19 (b) not more than a maximum amount determined by the
 20 director.
- 21 **(2) A surety bond issued for purposes of this section must:**
 22 (a) provide coverage for a lender engaged in making small
 23 dollar loans under this chapter in an amount as prescribed in
 24 subsection (1);
 25 (b) be in a form prescribed by the director;
 26 (c) be in effect during the term of the lender's license under
 27 this chapter;
 28 (d) remain in effect during the two (2) years after the lender
 29 ceases offering financial services to individuals in Indiana;
 30 (e) be payable to the department for the benefit of:
 31 (i) the state; and
 32 (ii) individuals who reside in Indiana when the individuals
 33 agree to receive financial services from the lender;
 34 (f) be issued by a bonding, surety, or insurance company
 35 authorized to do business in Indiana and rated at least "A-"
 36 by at least one (1) nationally recognized investment rating
 37 service; and
 38 (g) have payment conditioned upon:
 39 (i) the lender's; or
 40 (ii) any of the lender's employees' or agents';
 41 noncompliance with or violation of this article or other
 42 applicable federal or state law.



1 (3) The director may adopt rules or guidance documents with
2 respect to the requirements for a surety bond as necessary to
3 implement this chapter.

4 (4) If the principal amount of a surety bond required under this
5 section is reduced by payment of a claim or judgment, the lender
6 for which the bond is issued shall immediately notify the director
7 of the reduction and, not later than thirty (30) days after notice by
8 the director, file a new or an additional surety bond in an amount
9 set by the director. The amount of the new or additional bond set
10 by the director must be equal to not less than the amount of the
11 bond before payment of the claim or judgment.

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

15 (6) Cancellation of a surety bond issued under this section does
16 not affect any liability incurred or accrued during the period
17 during which the surety bond was in effect.

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

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

25 **Sec. 116. The department may adopt rules under IC 4-22-2 to**
26 **implement this chapter.**

27 SECTION 57. IC 24-9-2-8 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 8. (a) "High cost home
29 loan" means a home loan with:

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

31 (2) total points and fees that exceed:

32 (A) five percent (5%) of the loan principal for a home loan
33 having a loan principal of at least forty thousand dollars
34 (\$40,000); or

35 (B) six percent (6%) of the loan principal for a home loan
36 having a loan principal of less than forty thousand dollars
37 (\$40,000).

38 (b) Beginning July 1, 2006, the dollar amounts set forth in this
39 section are subject to change at the times and according to the
40 procedure set forth in the provisions of IC 24-4.5-1-106 concerning the
41 adjustment of dollar amounts in IC 24-4.5.

42 SECTION 58. IC 28-7-5-28 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 28. (a) The maximum
 2 rate of interest charged by pawnbrokers shall be ~~the same as the~~
 3 ~~maximum loan finance charge for supervised lenders under~~
 4 ~~IC 24-4.5-3-508(2)~~. **calculated according to the actuarial method**
 5 **and shall not exceed thirty-six percent (36%) per year on the**
 6 **unpaid balance of the principal.** For purposes of this subsection:

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

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

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

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

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

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

25 SECTION 59. IC 35-45-7-1 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 1. As used in this
 27 chapter:

28 "Loan" means any transaction described in section 3 of this chapter,
 29 whether or not the transaction is in the form of a loan as defined in
 30 IC 24-4.5-3-106, and without regard to whether the person making the
 31 loan is regularly engaged in making consumer loans, consumer credit
 32 sales, or consumer leases.

33 "Principal" includes the monetary value of property which has been
 34 loaned from one (1) person to another person.

35 "Rate" means the monetary value of the consideration received per
 36 annum or due per annum, calculated according to the actuarial method
 37 on the unpaid balance of the principal. **For purposes of this chapter,**
 38 **a nonrefundable prepaid finance charge received by a lender under**
 39 **IC 24-4.5-3-201(6) must be included in the calculation of a rate.**

40 SECTION 60. IC 35-45-7-2, AS AMENDED BY P.L.158-2013,
 41 SECTION 536, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2019]: Sec. 2. A person who, in exchange for



1 the loan of any property, knowingly or intentionally receives or
 2 contracts to receive from another person any consideration, at a rate
 3 greater than ~~two (2) times the rate specified in IC 24-4.5-3-508(2)(a)(i);~~
 4 **seventy-two percent (72%) per year, calculated according to the**
 5 **actuarial method, on the unpaid balance of the principal,** commits
 6 loansharking, a Level 6 felony. However, loansharking is a Level 5
 7 felony if force or the threat of force is used to collect or to attempt to
 8 collect any of the property loaned or any of the consideration for the
 9 loan.

10 SECTION 61. IC 35-45-7-3, AS AMENDED BY P.L.35-2010,
 11 SECTION 208, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2019]: Sec. 3. (a) This chapter applies only:

13 (1) to consumer loans, consumer related loans, consumer credit
 14 sales, consumer related sales, and consumer leases, as those terms
 15 are defined in IC 24-4.5; ~~subject to adjustment, where applicable,~~
 16 ~~of the dollar amounts set forth in those definitions under~~
 17 ~~IC 24-4.5-1-106;~~

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

22 (3) to any other loan transaction or extension of credit, regardless
 23 of the amount of the principal of the loan or extension of credit,
 24 if unlawful force or the threat of force is used to collect or to
 25 attempt to collect any of the property loaned or any of the
 26 consideration for the loan or extension of credit in question.

27 (b) This chapter applies regardless of whether the contract is made
 28 directly or indirectly, and whether the receipt of the consideration is
 29 received or is due to be received before or after the maturity date of the
 30 loan.



COMMITTEE REPORT

Madam President: The Senate Committee on Commerce and Technology, to which was referred Senate Bill No. 613, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to SB 613 as introduced.)

PERFECT, Chairperson

Committee Vote: Yeas 8, Nays 2.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Senate Bill 613, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

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

Page 9, delete lines 38 through 42, begin a new paragraph and insert:

"SECTION 8. IC 24-4.5-3-201, AS AMENDED BY P.L.159-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 201. Loan Finance Charge for Consumer Loans ~~other than Supervised Loans~~ — (1) Except as provided in subsections ~~(5) and (6), and (8)~~; with respect to a consumer loan, ~~other than a supervised loan (as defined in section 501 of this chapter)~~; a lender may contract for a loan finance charge, calculated according to the actuarial method, not exceeding ~~twenty-five~~ **thirty-six** percent ~~(25%)~~ **(36%)** per year on the unpaid balances of the principal.

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

ES 613—LS 7574/DI 101



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

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

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

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

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

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

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



to thirty (30) if the billing cycle is shorter than monthly, but no charge may be made pursuant to this paragraph if the lender has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(c) of this chapter.

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

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

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

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

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

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

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



land and that:

- (i) is not made under a revolving loan account, two percent (2%) of the loan amount; or
- (ii) is made under a revolving loan account, two percent (2%) of the line of credit.

(b) In the case of consumer loan that is not secured by an interest in land, **fifty one hundred** dollars ~~(\$50)~~. **(\$100)**.

~~(9)~~ **(7)** The nonrefundable prepaid finance charge provided for in subsection ~~(8)~~ **(6)** is not subject to refund or rebate.

~~(10)~~ **(8)** Notwithstanding subsections ~~(8)~~ **(6)** and ~~(9)~~; **(7)**, in the case of a consumer loan that is not secured by an interest in land, if a lender retains any part of a nonrefundable prepaid finance charge charged on a loan that is paid in full by a new loan from the same lender, the following apply:

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

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

~~(11)~~ **(9)** In the case of a consumer loan that is secured by an interest in land, this section does not prohibit a lender from contracting for and receiving a fee for preparing deeds, mortgages, reconveyances, and similar documents under section 202(1)(d)(ii) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection ~~(8)~~: **(6)(a)**."

Delete pages 10 through 12.

Page 13, delete lines 1 through 2.

Page 43, delete lines 27 through 42, begin a new paragraph and insert:

"SECTION 41. IC 24-4.5-7-201.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 201.5. (1) For each unsecured consumer installment loan made under this chapter, a lender may charge a monthly maintenance fee computed in advance, for each full month in the loan term, not to exceed nine dollars (\$9) per one hundred dollars (\$100) of original principal. If an unsecured consumer installment loan is prepaid before the maturity of the loan term, the lender shall refund to the borrower a prorated portion of the monthly maintenance fee based upon the ratio that the days left in the loan term before maturity bears to the total**



number of days in the loan term.

(2) A lender may charge only those charges authorized in this chapter in connection with an unsecured consumer installment loan."

Page 44, delete lines 1 through 10.

Page 45, line 12, delete "or an unsecured consumer".

Page 45, line 13, delete "installment loan".

Page 45, line 16, delete "proceeds." and insert "proceeds. A borrower may rescind an unsecured consumer installment loan without cost by paying the cash amount of the principal of the loan to the lender not later than the end of the third business day after the day on which the borrower receives the loan proceeds.".

Page 46, line 2, delete "a segregated fund" and insert "**the consumer financial education fund established by section 301.5 of this chapter**".

Page 46, line 8, after "charge" insert "**or fee**".

Page 46, between lines 9 and 10, begin a new paragraph and insert: "SECTION 44. IC 24-4.5-7-301.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 301.5. (1) The consumer financial education fund is established for the purpose of paying:**

- (a) expenses incurred by the department in administering section 301(5) of this chapter and IC 24-4.5-8-109(6); and**
- (b) all expenses incurred and all compensation paid by the department relating to consumer financial education.**

The department shall administer the fund.

(2) The fund consists of:

- (a) money deposited in the fund under section 301(5) of this chapter and IC 24-4.5-8-109(6); and**
- (b) donations, gifts, and money received from any other source.**

(3) The expenses of administering the fund shall be paid from money in the fund.

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

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

(6) Money in the fund is appropriated for the purpose set forth in subsection (1)."

Page 47, line 22, delete "seven (7)" and insert "**fifteen (15)**".



Page 47, line 29, delete "twelve (12)" and insert "**nine (9)**".

Page 47, line 33, delete "seven (7)" and insert "**fifteen (15)**".

Page 47, line 38, delete "seven (7)" and insert "**fifteen (15)**".

Page 49, line 1, delete "charges" and insert "**fees**".

Page 49, line 24, after "of the" insert "**third**".

Page 49, line 24, delete "immediately following" and insert "**after**".

Page 51, line 35, delete "of loan finance charge" and insert "of:

(a) loan finance charge **under section 201 of this chapter; or**

(b) **maintenance fee under section 201.5 of this chapter;**".

Page 51, line 35, beginning with "provided" begin a new line blocked left.

Page 52, line 31, after "charge" insert "**or fee**".

Page 53, line 25, after "charges" insert "**or fees**".

Page 55, line 14, after "charges" insert "**or monthly maintenance fees**".

Page 56, delete lines 35 through 42, begin a new paragraph and insert:

"SECTION 56. IC 24-4.5-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]:

Chapter 8. Small Dollar Loans

Sec. 101. This chapter shall be known and may be cited as Uniform Consumer Credit Code — Small Dollar Loans.

Sec. 102. As used in this chapter, "department" refers to the department of financial institutions established under IC 28-11.

Sec. 103. As used in this chapter, "depository institution" has the meaning set forth in the Federal Deposit Insurance Act (12 U.S.C. 1813(c)). The term includes a credit union.

Sec. 104. As used in this chapter, "lender" means a person, other than a financial institution, that acquires and retains a license issued by the department to:

(a) make small dollar loans;

(b) take assignments of small dollar loans; or

(c) undertake the direct collection of payments from or the enforcement of rights against debtors arising from small dollar loans;

under this chapter.

Sec. 105. As used in this chapter, "refinance" means the:

(a) satisfaction; and

(b) replacement;

of an existing small dollar loan by a new small dollar loan made to the same consumer by the same licensee or by an employee or



affiliate of the licensee.

Sec. 106. For purposes of this chapter and notwithstanding IC 24-4.5-1-301.5, a person "regularly engages" in an activity if the person:

- (a) performed the activity at least one (1) time during the preceding calendar year; or
- (b) performs or will perform the activity at least one (1) time during the current calendar year.

Sec. 107. As used in this chapter, "small dollar loan" means an unsecured loan with an amount financed of not more than three thousand dollars (\$3,000).

Sec. 108. This chapter:

- (a) does not apply to an extension of credit originated by a depository institution; and
- (b) applies to a person that:
 - (i) regularly engages in the making, taking assignments of, or undertaking the direct collection of payments from, or the enforcement of rights against, debtors arising from small dollar loans; or
 - (ii) is determined by the department to be engaged in the making, taking assignments of, or undertaking direct collection of payments from, or the enforcement of rights against, debtors arising from a transaction that is in substance a disguised small dollar loan or the application of another subterfuge for the purpose of avoiding this chapter.

Sec. 109. (1) Except as provided in this chapter, a provision of this article that applies to a consumer loan applies to a small dollar loan.

(2) Subject to subsection (5), a person may not regularly engage in Indiana in any of the following unless the department first issues to the person a license under this chapter:

- (a) Making small dollar loans.
 - (b) Taking assignments of small dollar loans.
 - (c) Undertaking the direct collection of payments from or the enforcement of rights against debtors arising from small dollar loans.
- (3) A person that seeks licensure under this chapter:
- (a) shall apply to the department for a license in the form and manner prescribed by the department; and
 - (b) is subject to the same licensure requirements and procedures as an applicant for a license to make consumer



loans (other than mortgage transactions) under IC 24-4.5-3-502.

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

- (a) small dollar loans under this chapter; and
- (b) consumer loans (other than mortgage transactions) that are not small loans;

must obtain a separate license from the department for loans described in subdivision (a) and loans described in subdivision (b), as described in IC 24-4.5-3-502(5).

(5) A loan that:

- (a) does not qualify as a small dollar loan under section 107 or 110 of this chapter;
- (b) is made for a term other than the term specified in section 110 of this chapter; or
- (c) is made in violation of section 111 or 114 of this chapter; is subject to this article. The department may conform the loan finance charge for a loan described in this subsection to the limitations set forth in IC 24-4.5-3-201(1).

(6) For each license issued under this chapter, a lender shall remit to the department at the time of license renewal under IC 24-4.5-3-503.6:

- (a) an additional annual fee, paid separately, in the amount of one thousand dollars (\$1,000) per license; plus
- (b) an additional one thousand dollars (\$1,000) per branch location in Indiana from which the lender makes small dollar loans under this chapter, after the lender's first Indiana location from which the lender makes small dollar loans under this chapter;

to be held by the department in the consumer financial education fund established by IC 24-4.5-7-301.5 and used exclusively, in the department's discretion, for providing or supporting financial education programs for the benefit of Indiana consumers. A lender may not pass any part of the amounts required by this subsection onto borrowers by imposing an additional charge in connection with any small dollar loan, or through any charge authorized under section 111 of this chapter.

Sec. 110. (1) A small dollar loan shall be:

- (a) fully amortizing;
- (b) repayable in its entirety in substantially equal and consecutive payments; and



(c) made for a term of:

- (i) not less than one hundred eighty (180) days; and**
- (ii) not more than thirty-six (36) months.**

(2) A small dollar loan may not be secured by real or personal property.

(3) A lender that enters into a small dollar loan transaction with a borrower must include in the loan contract the following statement in 14 point bold face type:

"This loan is made under IC 24-4.5-8 and is regulated by the Indiana Department of Financial Institutions."

Sec. 111. (1) With respect to a small dollar loan, a lender may contract for a loan finance charge, calculated according to the actuarial method, of not more than seventy-two percent (72%) per year on the unpaid balance of the principal.

(2) This section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed, the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due.

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

(4) A lender may charge, contract for, and receive only the following charges and fees with respect to a small dollar loan:

(a) A nonrefundable prepaid finance charge of not more than one hundred dollars (\$100). However, if a lender retains any part of the nonrefundable prepaid finance charge charged on a small dollar loan that is paid in full by a new small dollar loan from the same lender, the following apply:

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



(ii) The lender may not assess more than two (2) prepaid finance charges to the same debtor in any twelve (12) month period.

(b) A delinquency charge in accordance with IC 24-4.5-3-203.5. A delinquency charge under this subdivision is not considered to be part of the loan finance charge.

(c) A charge, not to exceed twenty-five dollars (\$25), for each time an authorization to debit an account of the borrower is dishonored, or for each return by a bank or other depository institution of a dishonored:

- (i) check;
- (ii) electronic funds transfer;
- (iii) negotiable order of withdrawal; or
- (iv) share draft;

issued by the borrower. This charge may be assessed only one (1) time regardless of how many times an instrument or an authorization to debit the borrower's account may be submitted by the lender and dishonored.

Sec. 112. A licensee under this chapter may carry on other business at a location where the licensee makes small dollar loans unless the licensee carries on other business for the purpose of evasion or violation of this article.

Sec. 113. (1) This section applies to licensees and unlicensed persons.

(2) A person who violates this chapter:

- (a) is subject to the remedies provided in IC 24-4.5-5-202;
- (b) commits a deceptive act under IC 24-5-0.5 and is subject to the penalties listed in IC 24-5-0.5;
- (c) has no right to collect, receive, or retain any principal, interest, or other charges from a small dollar loan; and
- (d) is liable to the borrower for actual damages, statutory damages of two thousand dollars (\$2,000) per violation, costs, and attorney's fees.

However, subdivisions (c) and (d) do not apply if the violation is the result of an accident or bona fide error of computation. The remedies described in this subsection are in addition to all other remedies set forth in this article.

(3) The department may sue:

- (a) to enjoin conduct that constitutes or will constitute a violation of this chapter; and
- (b) for other equitable relief.



(4) The remedies provided in this section are cumulative, but are not intended to be the exclusive remedies available to a borrower. A borrower is not required to exhaust any administrative remedies under this chapter or any other law.

Sec. 114. A lender that makes small dollar loans, or an assignee of a small dollar loan, shall not commit nor cause to be committed any of the following:

- (a) Threatening to use or using the criminal process in any state to collect on a small dollar loan.**
- (b) Threatening to take action against a borrower that is prohibited by this chapter.**
- (c) Making a misleading or deceptive statement regarding a:

 - (i) small dollar loan; or**
 - (ii) consequence of taking a small dollar loan.****
- (d) Altering the date or other information on a check or an authorization to debit a borrower's account.**
- (e) Engaging in unfair, deceptive, or fraudulent practices in the making or collecting of a small dollar loan.**
- (f) Including any of the following provisions in a loan document:

 - (i) A hold harmless clause.**
 - (ii) A confession of judgment clause.**
 - (iii) An assignment of or order for payment of wages or other compensation for services.**
 - (iv) A provision under which the borrower agrees not to assert a claim or defense arising out of contract.**
 - (v) A waiver of a provision of this chapter.****

Sec. 115. (1) A person engaged in making small dollar loans under this chapter shall post a bond to the department in the amount, as determined by the director, of:

- (a) at least fifty thousand dollars (\$50,000) for each location where small dollar loans will be made; and**
- (b) not more than a maximum amount determined by the director.**

(2) A surety bond issued for purposes of this section must:

- (a) provide coverage for a lender engaged in making small dollar loans under this chapter in an amount as prescribed in subsection (1);**
- (b) be in a form prescribed by the director;**
- (c) be in effect during the term of the lender's license under this chapter;**
- (d) remain in effect during the two (2) years after the lender**



ceases offering financial services to individuals in Indiana;

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

(i) the state; and

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

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

(g) have payment conditioned upon:

(i) the lender's; or

(ii) any of the lender's employees' or agents';

noncompliance with or violation of this article or other applicable federal or state law.

(3) The director may adopt rules or guidance documents with respect to the requirements for a surety bond as necessary to implement this chapter.

(4) If the principal amount of a surety bond required under this section is reduced by payment of a claim or judgment, the lender for which the bond is issued shall immediately notify the director of the reduction and, not later than thirty (30) days after notice by the director, file a new or an additional surety bond in an amount set by the director. The amount of the new or additional bond set by the director must be equal to not less than the amount of the bond before payment of the claim or judgment.

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

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

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

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

Sec. 116. The department may adopt rules under IC 4-22-2 to implement this chapter."

Delete pages 57 through 62.

Page 63, delete lines 1 through 33.



Page 64, line 9, strike "the same as the".

Page 64, line 10, strike "maximum loan finance charge".

Page 64, line 10, strike "under".

Page 64, line 11, delete "IC 24-4.5-3-201." and insert "**calculated according to the actuarial method and shall not exceed thirty-six percent (36%) per year on the unpaid balance of the principal.**".

Page 65, line 2, delete "IC 24-4.5-3-201" and insert "**IC 24-4.5-3-201(6)**".

Page 65, line 8, strike "two (2) times the rate specified in".

Page 65, line 9, delete "IC 24-4.5-3-201," and insert "**seventy-two percent (72%) per year, calculated according to the actuarial method, on the unpaid balance of the principal,**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 613 as printed February 22, 2019.)

BURTON

Committee Vote: yeas 7, nays 3.

