

SENATE BILL No. 388

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.5-2-201.

Synopsis: Uniform consumer credit code. Provides that the date of sale for a consumer credit sale other than a revolving charge account sale is the date that credit is granted. (Current law provides the date of the sale is the date that credit is granted unless the delivery of goods, or the performance of services commences more than ten days after the date that credit is granted.)

Effective: July 1, 1998.

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January 9, 1998, read first time and referred to Committee on Financial Institutions.

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Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

SENATE BILL No. 388

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulations and consumer sales and credit.

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

1 SECTION 1. IC 24-4.5-2-201 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 201. Credit Service
3 Charge for Consumer Credit Sales other than Revolving Charge
4 Accounts-(1) With respect to a consumer credit sale, other than a sale
5 pursuant to a revolving charge account, a seller may contract for and
6 receive a credit service charge not exceeding that permitted by this
7 section.

8 (2) The credit service charge, calculated according to the actuarial
9 method, may not exceed the equivalent of the greater of either of the
10 following:

- 11 (a) the total of:
- 12 (i) thirty-six percent (36%) per year on that part of the unpaid
 - 13 balances of the amount financed which is three hundred
 - 14 dollars (\$300) or less;
 - 15 (ii) twenty-one percent (21%) per year on that part of the
 - 16 unpaid balances of the amount financed which is more than
 - 17 three hundred dollars (\$300) but does not exceed one thousand



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- 1 dollars (\$1,000); and
 2 (iii) fifteen percent (15%) per year on that part of the unpaid
 3 balances of the amount financed which is more than one
 4 thousand dollars (\$1,000); or
 5 (b) twenty-one percent (21%) per year on the unpaid balances of
 6 the amount financed.
- 7 (3) This section does not limit or restrict the manner of contracting
 8 for the credit service charge, whether by way of add-on, discount, or
 9 otherwise, so long as the rate of the credit service charge does not
 10 exceed that permitted by this section. If the sale is precomputed:
 11 (a) the credit service charge may be calculated on the assumption
 12 that all scheduled payments will be made when due; and
 13 (b) the effect of prepayment is governed by the provisions on
 14 rebate upon prepayment (IC 24-4.5-2-210).
- 15 (4) For the purposes of this section, the term of a sale agreement
 16 commences with the date the credit is granted. ~~or, if goods are~~
 17 ~~delivered or services performed ten (10) days or more after that date;~~
 18 ~~with the date of commencement of delivery or performance.~~
 19 Differences in the lengths of months are disregarded and a day may be
 20 counted as one-thirtieth (1/30) of a month. Subject to classifications
 21 and differentiations the seller may reasonably establish, a part of a
 22 month in excess of fifteen (15) days may be treated as a full month if
 23 periods of fifteen (15) days or less are disregarded and that procedure
 24 is not consistently used to obtain a greater yield than would otherwise
 25 be permitted.
- 26 (5) Subject to classifications and differentiations the seller may
 27 reasonably establish, he may make the same credit service charge on
 28 all amounts financed within a specified range. A credit service charge
 29 so made does not violate subsection (2) if:
 30 (a) when applied to the median amount within each range, it does
 31 not exceed the maximum permitted by subsection (2); and
 32 (b) when applied to the lowest amount within each range, it does
 33 not produce a rate of credit service charge exceeding the rate
 34 calculated according to paragraph (a) by more than eight percent
 35 (8%) of the rate calculated according to paragraph (a).
- 36 (6) Notwithstanding subsection (2), the seller may contract for and
 37 receive a minimum credit service charge of not more than thirty dollars
 38 (\$30).
- 39 (7) The amounts of three hundred dollars (\$300) and one thousand
 40 dollars (\$1,000) in subsection (2) are subject to change pursuant to the
 41 provisions on adjustment of dollar amounts (IC 24-4.5-1-106).
- 42 (8) The amount of thirty dollars (\$30) in subsection (6) is subject to

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1 change under the provisions on adjustment of dollar amounts
2 (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the
3 Reference Base Index to be used under this subsection is the Index for
4 October 1992.

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