

Adopted	Rejected
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# COMMITTEE REPORT

<b>YES:</b>	<b>10</b>
<b>NO:</b>	<b>1</b>

## MR. SPEAKER:

*Your Committee on Financial Institutions, to which was referred House Bill 1083, 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:*

- 1 Page 1, line 13, delete "five" and insert "**two**".
- 2 Page 1, line 14, delete "\$5,000" and insert "**(\$2,000)**".
- 3 Page 1, line 17, delete "five" and insert "**two**".
- 4 Page 1, line 17, delete "\$5,000" and insert "**(\$2,000)**".
- 5 Page 2, line 1, delete "seven" and insert "**four**".
- 6 Page 2, line 1, delete "five hundred".
- 7 Page 2, line 2, delete "\$7,500);" and insert "**(\$4,000);**".
- 8 Page 2, line 4, delete "seven" and insert "**four**".
- 9 Page 2, line 5, delete "five hundred".
- 10 Page 2, line 5, delete "\$7,500);" and insert "**(\$4,000);**".
- 11 Page 3, line 19, delete "five" and insert "**two**".
- 12 Page 3, line 20, delete "\$5,000" and insert "**(\$2,000)**".
- 13 Page 3, line 20, delete "seven" and insert "**four**".

- 1 Page 3, line 20, delete "five hundred".
- 2 Page 3, line 21, delete "\$7,500" and insert "**(\$4,000)**".
- 3 Page 3, delete lines 28 through 42, begin a new paragraph and  
4 insert:
- 5 "SECTION 2. IC 24-4.5-3-201, AS AMENDED BY P.L.145-2008,  
6 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2013]: Sec. 201. Loan Finance Charge for Consumer Loans  
8 other than Supervised Loans—(1) Except as provided in subsections  
9 (6) and (8), with respect to a consumer loan other than a supervised  
10 loan (IC 24-4.5-3-501), a lender may contract for a loan finance charge,  
11 calculated according to the actuarial method, not exceeding ~~twenty-one~~  
12 **twenty-five percent (21%) (25%)** per year on the unpaid balances of  
13 the principal.
- 14 (2) This section does not limit or restrict the manner of contracting  
15 for the loan finance charge, whether by way of add-on, discount, or  
16 otherwise, so long as the rate of the loan finance charge does not  
17 exceed that permitted by this section. If the loan is precomputed:
- 18 (a) the loan finance charge may be calculated on the assumption  
19 that all scheduled payments will be made when due; and  
20 (b) the effect of prepayment is governed by the provisions on  
21 rebate upon prepayment (IC 24-4.5-3-210).
- 22 (3) For the purposes of this section, the term of a loan commences  
23 with the date the loan is made. Differences in the lengths of months are  
24 disregarded, and a day may be counted as one-thirtieth (1/30) of a  
25 month. Subject to classifications and differentiations the lender may  
26 reasonably establish, a part of a month in excess of fifteen (15) days  
27 may be treated as a full month if periods of fifteen (15) days or less are  
28 disregarded and if that procedure is not consistently used to obtain a  
29 greater yield than would otherwise be permitted. For purposes of  
30 computing average daily balances, the creditor may elect to treat all  
31 months as consisting of thirty (30) days.
- 32 (4) With respect to a consumer loan made pursuant to a revolving  
33 loan account:
- 34 (a) the loan finance charge shall be deemed not to exceed the  
35 maximum annual percentage rate if the loan finance charge  
36 contracted for and received does not exceed a charge in each  
37 monthly billing cycle which is ~~one two and three-fourths~~  
38 **eighty-three thousandths percent (± 3/4%) (2.083%)** of an

- 1 amount no greater than:
- 2 (i) the average daily balance of the debt;
- 3 (ii) the unpaid balance of the debt on the same day of the
- 4 billing cycle; or
- 5 (iii) subject to subsection (5), the median amount within a
- 6 specified range within which the average daily balance or the
- 7 unpaid balance of the debt, on the same day of the billing
- 8 cycle, is included; for the purposes of this subparagraph and
- 9 subparagraph (ii), a variation of not more than four (4) days
- 10 from month to month is "the same day of the billing cycle";
- 11 (b) if the billing cycle is not monthly, the loan finance charge
- 12 shall be deemed not to exceed the maximum annual percentage
- 13 rate if the loan finance charge contracted for and received does
- 14 not exceed a percentage which bears the same relation to
- 15 one-twelfth (1/12) the maximum annual percentage rate as the
- 16 number of days in the billing cycle bears to thirty (30); and
- 17 (c) notwithstanding subsection (1), if there is an unpaid balance
- 18 on the date as of which the loan finance charge is applied, the
- 19 lender may contract for and receive a charge not exceeding fifty
- 20 cents (\$0.50) if the billing cycle is monthly or longer, or the pro
- 21 rata part of fifty cents (\$0.50) which bears the same relation to
- 22 fifty cents (\$0.50) as the number of days in the billing cycle bears
- 23 to thirty (30) if the billing cycle is shorter than monthly, but no
- 24 charge may be made pursuant to this paragraph if the lender has
- 25 made an annual charge for the same period as permitted by the
- 26 provisions on additional charges (~~paragraph (c) of subsection (1)~~
- 27 ~~of IC 24-4.5-3-202~~). **(IC 24-4.5-3-202(1)(c))**.
- 28 (5) Subject to classifications and differentiations the lender may
- 29 reasonably establish, **and the lender may** make the same loan finance
- 30 charge on all amounts financed within a specified range. A loan finance
- 31 charge does not violate subsection (1) if:
- 32 (a) when applied to the median amount within each range, it does
- 33 not exceed the maximum permitted by subsection (1); and
- 34 (b) when applied to the lowest amount within each range, it does
- 35 not produce a rate of loan finance charge exceeding the rate
- 36 calculated according to paragraph (a) by more than eight percent
- 37 (8%) of the rate calculated according to paragraph (a).
- 38 (6) With respect to a consumer 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:

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

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

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

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

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

15 (7) The amount of thirty dollars (\$30) in subsection (6) is subject to  
 16 change under the provisions on adjustment of dollar amounts (IC  
 17 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the  
 18 Reference Base Index to be used under this subsection is the Index for  
 19 October 1992.

20 (8) In addition to the loan finance charge provided for in this  
 21 section, a lender may contract for ~~the following: (a) With respect to a~~  
 22 ~~consumer loan that is not made under a revolving loan account, a loan~~  
 23 ~~origination fee of not more than two percent (2%) of the loan amount;~~  
 24 ~~(b) With respect to a consumer loan that is made under a revolving loan~~  
 25 ~~account, a loan origination fee of not more than two percent (2%) of the~~  
 26 ~~line of credit that was contracted for: **fifty dollars (\$50).**~~

27 (9) The ~~charges fee~~ provided for in subsection (8):

28 (a) ~~are is~~ not subject to refund or rebate; **and**

29 (b) ~~are is~~ not permitted if a lender makes a settlement charge  
 30 under IC 24-4.5-3-202(d)(ii). **and**

31 (c) ~~are limited to two percent (2%) of the part of the loan that~~  
 32 ~~does not exceed two thousand dollars (\$2,000); if the loan is not~~  
 33 ~~primarily secured by an interest in land:~~

34 Notwithstanding subdivision (a), if a lender retains any part of a loan  
 35 origination fee charged on a loan that is paid in full by a new loan from  
 36 the same lender within three (3) months after the date of the prior loan,  
 37 the lender may charge a loan origination fee only on that part of the  
 38 new loan not used to pay the amount due on the prior loan, or in the

1 case of a revolving loan, the lender may charge a loan origination fee  
 2 only on the difference between the amount of the existing credit line  
 3 and the increased credit line. This subsection does not prohibit a lender  
 4 from contracting for and receiving a fee for preparing deeds,  
 5 mortgages, reconveyance, and similar documents under  
 6 IC 24-4.5-3-202(d)(ii), in addition to the charges provided for in  
 7 subsection (8).

8 SECTION 3. IC 24-4.5-3-508, AS AMENDED BY P.L.145-2008,  
 9 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 10 JULY 1, 2013]: Sec. 508. Loan Finance Charge for Supervised Loans  
 11 – (1) With respect to a supervised loan, including a loan pursuant to a  
 12 revolving loan account, a supervised lender may contract for and  
 13 receive a loan finance charge not exceeding that permitted by this  
 14 section.

15 (2) The loan finance charge, calculated according to the actuarial  
 16 method, may not exceed the equivalent of the greater of either of the  
 17 following:

18 (a) the total of:

19 (i) thirty-six percent (36%) per year on that part of the unpaid  
 20 balances of the principal which is ~~three hundred two thousand~~  
 21 dollars ~~(\$300)~~ **(\$2,000)** or less;

22 (ii) twenty-one percent (21%) per year on that part of the  
 23 unpaid balances of the principal which is more than ~~three~~  
 24 ~~hundred two thousand~~ dollars ~~(\$300)~~ **(\$2,000)** but does not  
 25 exceed ~~one four~~ thousand dollars ~~(\$1,000)~~; **(\$4,000)**; and

26 (iii) fifteen percent (15%) per year on that part of the unpaid  
 27 balances of the principal which is more than ~~one four~~  
 28 thousand dollars ~~(\$1000)~~; **(\$4,000)**; or

29 (b) ~~twenty-one~~ **twenty-five** percent ~~(21%)~~ **(25%)** per year on the  
 30 unpaid balances of the principal.

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

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

37 (b) the effect of prepayment is governed by the provisions on  
 38 rebate upon prepayment (IC 24-4.5-3-210).

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

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

- 13 (a) when applied to the median amount within each range, it does  
 14 not exceed the maximum permitted in subsection (2); and
- 15 (b) when applied to the lowest amount within each range, it does  
 16 not produce a rate of loan finance charge exceeding the rate  
 17 calculated according to paragraph (a) by more than eight percent  
 18 (8%) of the rate calculated according to paragraph (a).

19 (6) The amounts of ~~three hundred two thousand~~ dollars (~~\$300~~)  
 20 (**\$2,000**) and ~~one four~~ thousand dollars (~~\$1,000~~) (**\$4,000**) in subsection  
 21 (2) and thirty dollars (\$30) in subsection (7) are subject to change  
 22 pursuant to the provisions on adjustment of dollar amounts  
 23 (IC 24-4.5-1-106). For the adjustment of the amount of thirty dollars  
 24 (\$30), the Reference Base Index to be used is the Index for October  
 25 1992.

26 (7) With respect to a supervised loan not made pursuant to a  
 27 revolving loan account, the lender may contract for and receive a  
 28 minimum loan finance charge of not more than thirty dollars (\$30). The  
 29 minimum loan finance charge allowed under this subsection may be  
 30 imposed only if:

- 31 (a) the debtor prepays in full a consumer loan, refinancing, or  
 32 consolidation, regardless of whether the loan, refinancing, or  
 33 consolidation is precomputed;
- 34 (b) the loan, refinancing, or consolidation prepaid by the debtor  
 35 is subject to a loan finance charge that:
  - 36 (i) is contracted for by the parties; and
  - 37 (ii) does not exceed the rate prescribed in subsection (2); and
- 38 (c) the loan finance charge earned at the time of prepayment is

1 less than the minimum loan finance charge contracted for under  
2 this subsection.

3 **(8) In addition to any other charges and fees permitted by this**  
4 **chapter, the lender may contract for and receive a loan origination**  
5 **fee of not more than fifty dollars (\$50).**

6 **(9) The fee provided for in subsection (8):**

7 **(a) is not subject to refund or rebate; and**

8 **(b) is not permitted if a lender makes a settlement charge**  
9 **under IC 24-4.5-3-202(d)(ii).**

10 **Notwithstanding subdivision (a), if a lender retains any part of a**  
11 **loan origination fee charged on a loan that is paid in full by a new**  
12 **loan from the same lender within three (3) months after the date of**  
13 **the prior loan, the lender may charge a loan origination fee only on**  
14 **that part of the new loan not used to pay the amount due on the**  
15 **prior loan, or in the case of a revolving loan, the lender may charge**  
16 **a loan origination fee only on the difference between the amount of**  
17 **the existing credit line and the increased credit line. This**  
18 **subsection does not prohibit a lender from contracting for and**  
19 **receiving a fee for preparing deeds, mortgages, reconveyance, and**  
20 **similar documents under IC 24-4.5-3-202(d)(ii), in addition to the**  
21 **charge provided for in subsection (8)."**

22 Delete pages 4 through 8.

23 Renumber all SECTIONS consecutively.

(Reference is to HB 1083 as introduced.)

**and when so amended that said bill do pass.**

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Representative Burton