

HOUSE BILL No. 1070

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.5.

Synopsis: Consumer credit delinquency charges. Strikes provisions in the Uniform Consumer Credit Code (UCCC) that provide that, with respect to a consumer credit sale or a consumer loan, a delinquency charge may not be collected on an installment or payment due that is paid in full within 10 days after its scheduled due date even though an earlier maturing installment, minimum payment, or delinquency charge may not have been paid in full.

Effective: July 1, 2017.

Burton

January 4, 2017, read first time and referred to Committee on Financial Institutions.



First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1070

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

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

- 1 SECTION 1. IC 24-4.5-2-203.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 203.5. Delinquency
3 Charges — (1) With respect to a consumer credit sale, refinancing, or
4 consolidation, the parties may contract for a delinquency charge of not
5 more than five dollars (\$5) on any installment or minimum payment
6 due not paid in full within ten (10) days after its scheduled due date.
7 (2) A delinquency charge under this section may be collected only
8 once on an installment however long it remains in default. A
9 delinquency charge on consumer credit sales made under a revolving
10 charge account may be applied each month that the payment is less
11 than the minimum required payment. A delinquency charge may be
12 collected any time after it accrues. No delinquency charge may be
13 collected if the installment has been deferred and a deferral charge
14 (IC 24-4.5-2-204) has been paid or incurred.
15 (3) A delinquency charge may not be collected on an installment or
16 payment due that is paid in full within ten (10) days after its scheduled
17 due date even though an earlier maturing installment, minimum



1 payment, or a delinquency charge on:

2 (a) an earlier installment; or

3 (b) payment due;

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

7 ~~(4)~~ (3) If two (2) installments or parts of two (2) installments of a
8 precomputed consumer credit sale are in default for ten (10) days or
9 more, the creditor may elect to convert the consumer credit sale from
10 a precomputed consumer credit sale to a consumer credit sale in which
11 the credit service charge is based on unpaid balances. A creditor that
12 makes this election shall make a rebate under the provisions on rebates
13 upon prepayment under IC 24-4.5-2-210 as of the maturity date of the
14 first delinquent installment, and thereafter may make a credit service
15 charge as authorized by the provisions on credit service charges for
16 consumer credit sales under IC 24-4.5-2-201. The amount of the rebate
17 shall not be reduced by the amount of any permitted minimum charge
18 under IC 24-4.5-2-210. Any deferral charges made on installments due
19 at or after the maturity date of the first delinquent installment shall be
20 rebated, and no further deferral charges shall be made.

21 ~~(5)~~ (4) The amount of five dollars (\$5) in subsection (1) is subject
22 to change under the section on adjustment of dollar amounts
23 (IC 24-4.5-1-106).

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

28 SECTION 2. IC 24-4.5-3-203.5 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 203.5. Delinquency
30 Charges — (1) With respect to a consumer loan, refinancing, or
31 consolidation, the parties may contract for a delinquency charge of not
32 more than five dollars (\$5) on any installment or minimum payment
33 due not paid in full within ten (10) days after its scheduled due date.

34 (2) A delinquency charge under this section may be collected only
35 once on an installment however long it remains in default. With regard
36 to a delinquency charge on consumer loans made under a revolving
37 loan account, the delinquency charge may be applied each month that
38 the payment is less than the minimum required payment on the
39 account. A delinquency charge may be collected any time after it
40 accrues. A delinquency charge may not be collected if the installment
41 has been deferred and a deferral charge (IC 24-4.5-3-204) has been
42 paid or incurred.



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

5 ~~(a)~~ an earlier installment; or

6 ~~(b)~~ payment due;

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

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

24 ~~(5)~~ **(4)** The amount of five dollars (\$5) in subsection (1) is subject
 25 to change pursuant to the section on adjustment of dollar amounts
 26 (IC 24-4.5-1-106).

27 ~~(6)~~ **(5)** If the parties provide by contract for a delinquency charge
 28 that is subject to change, the lender shall disclose in the contract that
 29 the amount of the delinquency charge is subject to change as allowed
 30 by IC 24-4.5-1-106.

