



January 16, 2026

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## SENATE BILL No. 169

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DIGEST OF SB 169 (Updated January 14, 2026 1:04 pm - DI 154)

**Citations Affected:** Numerous provisions throughout the Indiana Code.

**Synopsis:** Reorganization of consumer lending laws. Repeals the statutes governing first lien mortgage lending, small loans, mortgage rescue protection fraud, and home loan practices and the Uniform Consumer Credit Code. Recodifies the repealed statutes in a new title of the Indiana Code concerning consumer lending (Title 37). Conforms the structure and organization of the recodified statutes to the requirements of the general assembly's drafting manual. Makes conforming changes to cross-references.

**Effective:** July 1, 2026.

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**Baldwin, Randolph Lonnie M**

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January 5, 2026, read first time and referred to Committee on Insurance and Financial Institutions.

January 15, 2026, amended, reported favorably — Do Pass.

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SB 169—LS 6567/DI 92





January 16, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

## SENATE BILL No. 169

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 4-6-3-3, AS AMENDED BY P.L.100-2025,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2026]: Sec. 3. (a) If the attorney general has reasonable cause  
4       to believe that a person may be in possession, custody, or control of  
5       documentary material, or may have knowledge of a fact that is relevant  
6       to an investigation conducted to determine if a person is or has been  
7       engaged in a violation of IC 4-6-9, IC 4-6-10, IC 13-14-10,  
8       IC 13-14-12, IC 13-24-2, IC 13-30-4, IC 13-30-5, IC 13-30-8,  
9       IC 16-21-15, IC 23-7-8, IC 24-1-2, IC 24-5-0.5, IC 24-5-7, IC 24-5-8,  
10      ~~IC 24-9~~, IC 25-1-7, IC 27-1-37-8, IC 32-34-1.5, **IC 37-5**, or any other  
11      statute enforced by the attorney general or is or has been engaged in a  
12      criminal violation of IC 13, only the attorney general may issue in  
13      writing, and cause to be served upon the person or the person's  
14      representative or agent, an investigative demand that requires that the  
15      person served do any combination of the following:  
16              (1) Produce the documentary material for inspection and copying  
17              or reproduction.

SB 169—LS 6567/DI 92



(2) Answer under oath and in writing written interrogatories.

(3) Appear and testify under oath before the attorney general or the attorney general's duly authorized representative.

(b) The office of the attorney general may consult with the Indiana department of health in the review of an application for a certificate of public advantage under IC 16-21-15.

SECTION 2. IC 4-6-12-2, AS AMENDED BY P.L.52-2017, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. The attorney general shall establish a homeowner protection unit to enforce ~~IC 24-9~~ **IC 37-5** and to carry out this chapter.

SECTION 3. IC 4-6-12-3, AS AMENDED BY P.L.52-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The unit shall do the following:

(1) Investigate deceptive acts in connection with mortgage lending.

(2) Investigate violations of ~~IC 24-9~~ **IC 37-5**.

(3) Institute appropriate administrative and civil actions to redress:

(A) deceptive acts in connection with mortgage lending; and

(B) violations of IC 24-5-0.5 and ~~IC 24-9~~ **IC 37-5**.

(4) Cooperate with federal, state, and local law enforcement agencies in the investigation of the following:

(A) Deceptive acts in connection with mortgage lending.

(B) Criminal violations involving deceptive acts in connection with mortgage lending.

(C) Violations of IC 24-5-0.5 and ~~IC 24-9~~ **IC 37-5**.

(D) Violations of:

(i) the federal Truth in Lending Act (15 U.S.C. 1601 et seq.);

(ii) the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.); and

(iii) any other federal laws or regulations concerning mortgage lending.

To the extent authorized by federal law, the unit may enforce compliance with the federal statutes or regulations described in this clause or refer suspected violations of the statutes or regulations to the appropriate federal regulatory agencies.

(5) Enforce violations of IC 32-25.5-3 by homeowners associations.

(b) The attorney general shall adopt rules under IC 4-22-2 to the extent necessary to organize the unit.



1 SECTION 4. IC 4-6-12-5 IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JULY 1, 2026]: Sec. 5. The attorney general may file  
 3 complaints with any of the entities listed in section 4 of this chapter to  
 4 carry out this chapter and ~~IC 24-9-9~~ **IC 37-5**.

5 SECTION 5. IC 4-6-12-9, AS AMENDED BY P.L.52-2017,  
 6 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2026]: Sec. 9. (a) The homeowner protection unit account  
 8 within the general fund is established to support the operations of the  
 9 unit. The account is administered by the attorney general.

10 (b) The homeowner protection unit account consists of the  
 11 following:

12 (1) Fees collected under ~~IC 24-9-9~~ **IC 37-5-9**.

13 (2) Fees distributed to the account under IC 33-34-8-3,  
 14 IC 33-37-7-2(a), and IC 33-37-7-8(a).

15 (c) The expenses of administering the homeowner protection unit  
 16 account shall be paid from money in the account.

17 (d) The treasurer of state shall invest the money in the homeowner  
 18 protection unit account not currently needed to meet the obligations of  
 19 the account in the same manner as other public money may be invested.

20 (e) Money in the homeowner protection unit account at the end of  
 21 a state fiscal year does not revert to the state general fund.

22 SECTION 6. IC 4-21.5-3-6, AS AMENDED BY P.L.222-2025,  
 23 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2026]: Sec. 6. (a) Notice shall be given under this section  
 25 concerning the following:

26 (1) A safety order under IC 22-8-1.1.

27 (2) Any order that:

28 (A) imposes a sanction on a person or terminates a legal right,  
 29 duty, privilege, immunity, or other legal interest of a person;

30 (B) is not described in section 4 or 5 of this chapter or  
 31 IC 4-21.5-4; and

32 (C) by statute becomes effective without a proceeding under  
 33 this chapter if there is no request for a review of the order  
 34 within a specified period after the order is issued or served.

35 (3) A notice of program reimbursement or equivalent  
 36 determination or other notice regarding a hospital's  
 37 reimbursement issued by the office of Medicaid policy and  
 38 planning or by a contractor of the office of Medicaid policy and  
 39 planning regarding a hospital's year end cost settlement.

40 (4) A determination of audit findings or an equivalent  
 41 determination by the office of Medicaid policy and planning or by  
 42 a contractor of the office of Medicaid policy and planning arising



from a Medicaid postpayment or concurrent audit of a hospital's Medicaid claims.

(5) A license suspension or revocation under:

(A) ~~IC 24-4.4-2~~; **IC 37-1-3**;

(B) ~~IC 24-4.5-3~~; **IC 37-2-4**;

(C) IC 28-1-29;

(D) IC 28-7-5;

(E) IC 28-8-4.1;

(F) IC 28-8-5; or

(G) IC 28-8-6.

(6) An order issued by the secretary or the secretary's designee against providers regulated by the office of the secretary, the division of aging or the bureau of disabilities services and not licensed by the Indiana department of health under IC 16-27 or IC 16-28.

(b) When an agency issues an order described by subsection (a), the agency shall give notice to the following persons:

(1) Each person to whom the order is specifically directed.

(2) Each person to whom a law requires notice to be given.

A person who is entitled to notice under this subsection is not a party to any proceeding resulting from the grant of a petition for review under section 7 of this chapter unless the person is designated as a party in the record of the proceeding.

(c) The notice must include the following:

(1) A brief description of the order.

(2) A brief explanation of the available procedures and the time limit for seeking administrative review of the order under section 7 of this chapter.

(3) Any other information required by law.

(d) An order described in subsection (a) is effective fifteen (15) days after the order is served, unless a statute other than this article specifies a different date or the agency specifies a later date in its order. This subsection does not preclude an agency from issuing, under IC 4-21.5-4, an emergency or other temporary order concerning the subject of an order described in subsection (a).

(e) If a petition for review of an order described in subsection (a) is filed within the period set by section 7 of this chapter and a petition for stay of effectiveness of the order is filed by a party or another person who has a pending petition for intervention in the proceeding, an administrative law judge shall, as soon as practicable, conduct a preliminary hearing to determine whether the order should be stayed in whole or in part. The burden of proof in the preliminary hearing is on



the person seeking the stay. The administrative law judge may stay the order in whole or in part. The order concerning the stay may be issued after an order described in subsection (a) becomes effective. The resulting order concerning the stay shall be served on the parties and any person who has a pending petition for intervention in the proceeding. It must include a statement of the facts and law on which it is based.

SECTION 7. IC 4-22-2.3-6, AS AMENDED BY P.L.93-2024, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. The following apply to the department of financial institutions:

(1) The department of financial institutions shall adopt rules under the interim rule procedures in IC 4-22-2-37.2 announcing:

(A) sixty (60) days before January 1 of each odd-numbered year in which dollar amounts under ~~IC 24-4.5~~ **IC 37-2** (Uniform Consumer Credit Code) are to change, the changes in dollar amounts required by ~~IC 24-4.5-1-106(2);~~ **IC 37-2-1-5(b);**

(B) promptly after the changes occur, changes in the Index required by ~~IC 24-4.5-1-106(3);~~ **IC 37-2-1-5(c),** including, when applicable, the numerical equivalent of the Reference Base Index under a revised Reference Base Index and the designation or title of any index superseding the Index;

(C) the adjustments required under ~~IC 24-9-2-8~~ **IC 37-5-2-8** concerning high cost home loans; and

(D) the adjustments required under IC 34-55-10-2 (bankruptcy exemptions; limitations) or IC 34-55-10-2.5.

A rule described in this subdivision expires not later than January of the next odd-numbered year after the department of financial institutions is required to issue the rule.

(2) The department of financial institutions may adopt a rule under the interim rule procedures in IC 4-22-2-37.2 for a rule permitted under ~~IC 24-4.4-1-101~~ **IC 37-1-1-1** (licensing system for creditors and mortgage loan originators) or ~~IC 24-4.5~~ **IC 37-2** (Uniform Consumer Credit Code) if the department of financial institutions declares an emergency. A rule described in this subdivision expires not later than two (2) years after the rule is effective.

(3) The department of financial institutions may adopt a rule described in IC 34-55-10-2 (bankruptcy exemptions; limitations) or IC 34-55-10-2.5 in conformity with the procedures in IC 4-22-2-23 through IC 4-22-2-36 or the interim rule procedures



1 in IC 4-22-2-37.2. A rule described in this subdivision adopted  
 2 under IC 4-22-2-37.2 expires not later than two (2) years after the  
 3 rule is accepted for filing by the publisher of the Indiana Register.  
 4 A rule described in this section may be continued in another interim  
 5 rule only if the governor determines under IC 4-22-2-37.2(c) that the  
 6 policy options available to the agency are so limited that use of the  
 7 additional notice, comment, and review procedures in IC 4-22-2-23  
 8 through IC 4-22-2-36 would provide no benefit to persons regulated or  
 9 otherwise affected by the rule.

10 SECTION 8. IC 5-27-3-3 IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A governmental body may:

12 (1) if the governmental body obtains the consent of each  
 13 governmental body that is directly affected by the transaction,  
 14 recognize the net amount remitted by the provider company as  
 15 payment in full of an amount due the governmental entity for a  
 16 service, a tax, a license, a permit, a fee, information, or any other  
 17 amount due the governmental body that was paid by an electronic  
 18 payment; or

19 (2) collect a sum for the vendor transaction charge, discount fee,  
 20 or any other charge from the person who makes an electronic  
 21 payment.

22 A fee under subdivision (2) may be collected as an enhanced service  
 23 fee by a governmental body. The fee is a permitted additional charge  
 24 under ~~IC 24-4.5-3-202~~ **IC 37-2-4-5**.

25 (b) A governmental body may pay a service charge or fee in  
 26 connection with its agreement with the provider company.

27 SECTION 9. IC 6-1.1-23-10 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) If a judgment  
 29 entered under section 9 of this chapter is not paid, the county treasurer  
 30 may notify the delinquent taxpayer by certified mail that a judgment  
 31 has been entered against ~~him~~ **the taxpayer** and that the treasurer is  
 32 going to file a praecipe for execution. If the judgment is not paid within  
 33 ten (10) days after the date the notice is given, the county treasurer  
 34 shall file the praecipe for execution. If this notice is not given, an  
 35 execution upon the judgment is invalid.

36 (b) If a judgment has been entered against a taxpayer under section  
 37 9 of this chapter, the county treasurer may obtain a court order  
 38 restraining the taxpayer from transacting business in the county.  
 39 However, the restraining order may be dissolved if the court believes  
 40 that dissolution of the restraining order will make collection of the  
 41 judgment more likely.

42 (c) If a judgment against a taxpayer under section 9 of this chapter





has not been satisfied within sixty (60) days after the judgment is entered, the county treasurer may do the following without judicial proceedings:

(1) Levy upon property of the taxpayer that is held by a financial institution. The county treasurer shall make a levy in the same manner as the department of state revenue under IC 6-8.1-8-8. A financial institution that receives a claim under this subdivision shall transfer to the county treasurer property of the taxpayer that is held by the financial institution. However, if the value of the taxpayer's property held by the financial institution is greater than the amount of the judgment, the financial institution shall transfer property of the taxpayer in an amount equal to the amount of the judgment.

(2) Garnish the accrued earnings and wages of the taxpayer by giving notice to the taxpayer's employer. An employer who receives a notice under this subdivision shall garnish the accrued earnings and wages of the taxpayer in an amount equal to the full amount subject to garnishment under ~~IC 24-4.5-5-105~~. **IC 37-2-6-4.** The employer:

(A) shall remit the amount garnished under this subdivision to the county treasurer; and

(B) is entitled to a fee equal to the amount of the fee that may be collected under ~~IC 24-4.5-5-105(5)~~ **IC 37-2-6-4** in a garnishment action. However, the taxpayer shall pay the entire fee collected under this clause.

(3) Withhold the amount of the judgment in full or in part from any payment that:

(A) is due to the taxpayer from the county; and

(B) requires the signature of the county treasurer.

(d) The treasurer of a county may use any combination of remedies provided under this section to collect the following:

(1) Delinquent taxes.

(2) Expenses incurred under IC 6-1.1-23-7(a)(1) through IC 6-1.1-23-7(a)(6).

(e) A county treasurer that incurs attorney's fee expenses for legal services not related to formal judicial proceedings shall petition a circuit or superior court in the county for approval to pay the expenses. The court may conduct a hearing on the petition and may authorize the auditor of the county to issue a warrant for the amount of the reasonable expenses. The county treasurer shall pay the warrant without an appropriation for the disbursement.

SECTION 10. IC 6-6-5.1-21, AS AMENDED BY P.L.9-2024,



SECTION 203, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JULY 1, 2026]: Sec. 21. (a) The bureau, in the  
administration and collection of the tax imposed by this chapter, may  
use the services and facilities of:

- (1) license branches operated under IC 9-14.1;
- (2) full service providers (as defined in IC 9-14.1-1-2); and
- (3) partial services providers (as defined in IC 9-14.1-1-3);

in the bureau's administration of the state motor vehicle registration  
laws in the manner and to the extent the bureau considers necessary  
and proper to implement and effectuate the administration and  
collection of the excise tax imposed by this chapter.

(b) The bureau may impose a service charge of one dollar and  
seventy cents (\$1.70) for each excise tax collection made under this  
chapter. The service charge shall be deposited in the bureau of motor  
vehicles commission fund.

(c) The bureau shall report the excise taxes collected on at least a  
weekly basis to the county auditor of the county to which the  
collections are due.

(d) If the excise tax imposed by this chapter is collected by the  
department of state revenue, the money collected shall be deposited in  
the state general fund to the credit of the appropriate county and  
reported to the bureau on the first working day following the week of  
collection. Except as provided in subsection (e), money collected by the  
department that represents interest or a penalty shall be retained by the  
department and used to pay the department's costs of enforcing this  
chapter.

(e) This subsection applies only to interest or a penalty collected by  
the department of state revenue from a person that:

- (1) fails to properly register a recreational vehicle as required by  
IC 9-18 (before its expiration) or IC 9-18.1 and pay the tax due  
under this chapter; and
- (2) during any time after the date by which the recreational  
vehicle was required to be registered under IC 9-18 (before its  
expiration) or IC 9-18.1 displays on the recreational vehicle a  
license plate issued by another state.

The total amount collected by the department of state revenue that  
represents interest or a penalty, minus a reasonable amount determined  
by the department to represent its administrative expenses, shall be  
deposited in the state general fund to the credit of the county in which  
the person resides. The amount shall be reported to the bureau on the  
first working day following the week of collection.

(f) The bureau may contract with a bank card or credit card vendor



for acceptance of bank cards or credit cards. However, if a bank card or credit card vendor charges a vendor transaction charge or discount fee, whether billed to the bureau or charged directly to the bureau's account, the bureau shall collect from a person using the card an official fee that may not exceed the highest transaction charge or discount fee charged to the bureau by bank card or credit card vendors during the most recent collection period. The fee may be collected regardless of retail merchant agreements between the bank card and credit card vendors that may prohibit such a fee. The fee is a permitted additional charge under ~~IC 24-4.5-3-202~~. **IC 37-2-4-5.**

(g) On or before April 1 of each year, the bureau shall provide to the state comptroller the amount of taxes collected under this chapter for each county for the preceding year.

(h) On or before May 10 and November 10 of each year, the state comptroller shall distribute to each county one-half (1/2) of:

- (1) the amount of delinquent taxes; and
- (2) any interest or penalty described in subsection (e);

that have been credited to the county under subsection (c). There is appropriated from the state general fund the amount necessary to make the distributions required by this subsection. The county auditor shall apportion and distribute the delinquent tax distributions to the taxing units in the county at the same time and in the same manner as excise taxes are apportioned and distributed under section 22 of this chapter.

(i) The insurance commissioner shall prescribe the form of the bonds or crime insurance policies required by this section.

SECTION 11. IC 6-8.1-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) A person may make a tax payment:

- (1) in cash;
- (2) by bank draft;
- (3) by check;
- (4) by cashier's check;
- (5) by money order;
- (6) by credit card, debit card, charge card, or similar method; or
- (7) if approved by the department, by an electronic fund transfer (as defined in IC 4-8.1-2-7).

However, if a tax liability payment is made by bank draft, check, cashier's check, or money order, the liability is not finally discharged and the person has not paid the tax until the draft, check, or money order has been honored by the institution on which it is drawn. If the payment is made by credit card, debit card, charge card, or similar method, the liability is not finally discharged and the person has not



1 paid the tax until the department receives payment or credit from the  
 2 institution responsible for making the payment or credit. The  
 3 department may contract with a bank or credit card vendor for  
 4 acceptance of bank or credit cards. However, if there is a vendor  
 5 transaction charge or discount fee, whether billed to the department or  
 6 charged directly to the department's account, the department or credit  
 7 card vendor may collect from the person using the bank or credit card  
 8 a fee that may not exceed the highest transaction charge or discount fee  
 9 charged to the department by the bank or credit card vendor during the  
 10 most recent collection period. This fee may be collected regardless of  
 11 any agreement between the bank and a credit card vendor or regardless  
 12 of any internal policy of the credit card vendor that may prohibit this  
 13 type of fee. The fee is a permitted additional charge under  
 14 ~~IC 24-4.5-3-202~~ **IC 37-2-4-5**.

15 (b) The department shall issue a receipt for a tax payment that is  
 16 made with currency.

17 SECTION 12. IC 6-8.1-8-8, AS AMENDED BY P.L.99-2011,  
 18 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2026]: Sec. 8. After a tax warrant becomes a judgment under  
 20 section 2 of this chapter, a tax warrant is returned uncollected to the  
 21 department under section 3 of this chapter, or the taxpayer does not pay  
 22 the amount demanded under section 2(b) of this chapter and the  
 23 taxpayer has taken an action under section 2(n) of this chapter to  
 24 foreclose the lien, the department may take any of the following actions  
 25 without judicial proceedings.

26 (1) The department may levy upon the property of the taxpayer  
 27 that is held by a financial institution by sending a claim to the  
 28 financial institution. Upon receipt of a claim under this  
 29 subdivision, the financial institution shall surrender to the  
 30 department the taxpayer's property. If the taxpayer's property  
 31 exceeds the amount owed to the state by the taxpayer, the  
 32 financial institution shall surrender the taxpayer's property in an  
 33 amount equal to the amount owed. After receiving the  
 34 department's notice of levy, the financial institution is required to  
 35 place a sixty (60) day hold on or restriction on the withdrawal of  
 36 funds the taxpayer has on deposit or subsequently deposits, in an  
 37 amount not to exceed the amount owed.

38 (2) The department may garnish the accrued earnings and wages  
 39 of a taxpayer by sending a notice to the taxpayer's employer. Upon  
 40 receipt of a notice under this subdivision, an employer shall  
 41 garnish the accrued earnings and wages of the taxpayer in an  
 42 amount equal to the full amount that is subject to garnishment



1 under ~~IC 24-4.5-5~~. **IC 37-2-6**. The amount garnished shall be  
 2 remitted to the department. The employer is entitled to a fee in an  
 3 amount equal to the fee allowed under ~~IC 24-4.5-5-105(5)~~.  
 4 **IC 37-2-6-4(e)**. However, the fee shall be borne entirely by the  
 5 taxpayer.

6 (3) The department may levy upon and sell property and may:

7 (A) take immediate possession of the property and store it in  
 8 a secure place; or

9 (B) leave the property in the custody of the taxpayer;  
 10 until the day of the sale. The department shall provide notice of  
 11 the sale in one (1) newspaper, as provided in IC 5-3-1-2. If the  
 12 property is left in the custody of the taxpayer, the department may  
 13 require the taxpayer to provide a joint and several delivery bond,  
 14 in an amount and with a surety acceptable to the department. At  
 15 any time before the sale, any owner or part owner of the property  
 16 may redeem the property from the judgment by paying the  
 17 department the amount of the judgment. The proceeds of the sale  
 18 shall be applied first to the collection expenses and second to the  
 19 payment of the delinquent taxes and penalties. Any balance  
 20 remaining shall be paid to the taxpayer.

21 SECTION 13. IC 7.1-3-1-13.5, AS ADDED BY P.L.153-2015,  
 22 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 2026]: Sec. 13.5. (a) As used in this section, "credit card"  
 24 means a:

- 25 (1) credit card;
- 26 (2) debit card;
- 27 (3) charge card; or
- 28 (4) stored value card.

29 (b) The commission shall accept a payment to the commission for  
 30 any purpose by any of the following financial instruments:

- 31 (1) Cash.
- 32 (2) Certified check.
- 33 (3) Cashier's check.
- 34 (4) Check drawn on the bank deposit of a business.
- 35 (5) Valid postal money order of the United States.
- 36 (6) Bank draft.
- 37 (7) Money order.
- 38 (8) Bank card or credit card.
- 39 (9) Electronic funds transfer.
- 40 (10) Any other financial instrument authorized by the
- 41 commission.

42 (c) If there is a charge to the commission for the use of a financial



instrument, the commission may collect a sum equal to the amount of the charge from the person who uses the financial instrument.

(d) A procedure authorized for a particular type of payment must be uniformly applied to all payments of the same type.

(e) The commission may contract with a bank card or credit card vendor for acceptance of bank cards or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the commission or charged directly to the commission's account, the commission may collect from the person using the card:

(1) an official fee that may not exceed the transaction charge or discount fee charged to the commission by bank or credit card vendors; or

(2) a reasonable convenience fee:

(A) that may not exceed three dollars (\$3); and

(B) that must be uniform regardless of the bank card or credit card used.

The fees described in subdivisions (1) and (2) may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such fees. These fees are permitted additional charges under ~~IC 24-4.5-3-202~~. **IC 37-2-4-5.**

(f) The commission may pay any applicable bank card or credit card service charge associated with the use of a bank card or credit card under this section.

SECTION 14. IC 22-2-6-2, AS AMENDED BY P.L.147-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) Any assignment of the wages of an employee is valid only if all of the following conditions are satisfied:

(1) The assignment is:

(A) in writing;

(B) signed by the employee personally;

(C) by its terms revocable at any time by the employee upon written notice to the employer; and

(D) agreed to in writing by the employer.

(2) An executed copy of the assignment is delivered to the employer within ten (10) days after its execution.

(3) The assignment is made for a purpose described in subsection (b).

(b) A wage assignment under this section may be made for the purpose of paying any of the following:

(1) Premium on a policy of insurance obtained for the employee by the employer.

(2) Pledge or contribution of the employee to a charitable or



- 1 nonprofit organization.
- 2 (3) Purchase price of bonds or securities, issued or guaranteed by
- 3 the United States.
- 4 (4) Purchase price of shares of stock, or fractional interests in
- 5 shares of stock, of the employing company, or of a company
- 6 owning the majority of the issued and outstanding stock of the
- 7 employing company, whether purchased from such company, in
- 8 the open market or otherwise. However, if such shares are to be
- 9 purchased on installments pursuant to a written purchase
- 10 agreement, the employee has the right under the purchase
- 11 agreement at any time before completing purchase of such shares
- 12 to cancel said agreement and to have repaid promptly the amount
- 13 of all installment payments which theretofore have been made.
- 14 (5) Dues to become owing by the employee to a labor
- 15 organization of which the employee is a member.
- 16 (6) Purchase price of merchandise, goods, or food offered by the
- 17 employer and sold to the employee, for the employee's benefit,
- 18 use, or consumption, at the written request of the employee.
- 19 (7) Amount of a loan made to the employee by the employer and
- 20 evidenced by a written instrument executed by the employee
- 21 subject to the amount limits set forth in section 4(c) of this
- 22 chapter.
- 23 (8) Contributions, assessments, or dues of the employee to a
- 24 hospital service or a surgical or medical expense plan or to an
- 25 employees' association, trust, or plan existing for the purpose of
- 26 paying pensions or other benefits to said employee or to others
- 27 designated by the employee.
- 28 (9) Payment to any credit union, nonprofit organizations, or
- 29 associations of employees of such employer organized under any
- 30 law of this state or of the United States.
- 31 (10) Payment to any person or organization regulated under the
- 32 Uniform Consumer Credit Code (~~IC 24-4-5~~) **(IC 37-2) or IC 37-3**
- 33 **(small loans)** for deposit or credit to the employee's account by
- 34 electronic transfer or as otherwise designated by the employee.
- 35 (11) Premiums on policies of insurance and annuities purchased
- 36 by the employee on the employee's life.
- 37 (12) The purchase price of shares or fractional interest in shares
- 38 in one (1) or more mutual funds.
- 39 (13) A judgment owed by the employee if the payment:
- 40 (A) is made in accordance with an agreement between the
- 41 employee and the creditor; and
- 42 (B) is not a garnishment under IC 34-25-3.



(14) The purchase, rental, or use of uniforms, shirts, pants, or other ~~job-related~~ **job related** clothing at an amount not to exceed the direct cost paid by an employer to an external vendor for those items.

(15) The purchase of equipment or tools necessary to fulfill the duties of employment at an amount not to exceed the direct cost paid by an employer to an external vendor for those items.

(16) Reimbursement for education or employee skills training. However, a wage assignment may not be made if the education or employee skills training benefits were provided, in whole or in part, through an economic development incentive from any federal, state, or local program.

(17) An advance for:

(A) payroll; or

(B) vacation;

pay.

(18) The employee's drug education and addiction treatment services under IC 12-23-23.

(c) The interest rate charged on amounts loaned or advanced to an employee and repaid under subsection (b) may not exceed the bank prime loan interest rate as reported by the Board of Governors of the Federal Reserve System or any successor rate, plus four percent (4%).

(d) The total amount of wages subject to assignment under subsection (b)(14) and (b)(15) may not exceed the lesser of:

(1) two thousand five hundred dollars (\$2,500) per year; or

(2) five percent (5%) of the employee's weekly disposable earnings (as defined in ~~IC 24-4.5-5-105(1)(a)~~; **IC 37-2-6-4(a)(1)**).

(e) Except as provided under 29 CFR Parts 1910, 1915, 1917, 1918, and 1926, an employee shall not be charged or subject to a wage assignment under subsection (b)(14) or (b)(15) for protective equipment including personal protective equipment identified under 29 CFR Parts 1910, 1915, 1917, 1918, and 1926.

SECTION 15. IC 22-4-13.3-4, AS AMENDED BY P.L.66-2018, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) An employer that receives a notice to withhold income under section 3 of this chapter shall do the following:

(1) Verify the individual's employment to the department.

(2) Withhold from the income due to the individual each pay period an amount:

(A) determined in accordance with; and

(B) subject to the limitations of and priority established by;

~~IC 24-4.5-5-105~~ **IC 37-2-6-4** in the same manner as a





garnishment. An income withholding under this chapter is not an assignment of wages under IC 22-2-6.

(3) Begin withholding the amount determined under subdivision (2) from the individual's income beginning with the first pay period that occurs not later than fourteen (14) days after the date the employer receives the notice sent under section 3 of this chapter.

(4) Remit the amount withheld under subdivision (2) to the department by check or electronic payment (as defined by IC 5-27-2-3) not later than seven (7) days after the date of each regularly scheduled pay day.

(5) Continue withholding under this section until:

(A) the department notifies the employer to discontinue the withholding; or

(B) the full amount required to be paid to the department has been paid, as indicated by a written statement to the employer from the department.

(6) Notify the department, if the individual subject to withholding terminates employment, including the individual's last known address and the name of any new employer, if known.

(b) An employer that is required to withhold income under subsection (a)(2) may collect a fee equal to twelve dollars (\$12). If the employer chooses to impose a fee, the fee shall be allocated as follows:

(1) Fifty percent (50%) of the fee shall be paid by the individual subject to withholding, and that amount is deductible by the employer from the individual's disposable earnings (as defined in ~~IC 24-4.5-5-105(1)(a))~~. **IC 37-2-6-4(a)(1)**).

(2) Fifty percent (50%) of the fee shall be paid by the department.

The fee may be collected only once by an employer for each notice provided by the department under section 3 of this chapter. The employer may collect the entire fee from one (1) or more of the initial withholdings from the individual's disposable earnings, or alternatively, the employer may collect the fee ratably over the number of pay periods for which the withholdings from the individual's disposable earnings are required. If an employer chooses to collect a fee under this subsection, the employer shall notify the department in the manner and form prescribed by the department, and the amount to be withheld must be reduced, if necessary, to avoid exceeding the maximum amount permitted to be deducted under ~~IC 24-4.5-5-105(3)~~. **IC 37-2-6-4(c)**. A fee collected under this subsection is not an assignment of wages under IC 22-2-6.

SECTION 16. IC 22-4-13.3-7, AS AMENDED BY P.L.93-2024,



SECTION 156, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JULY 1, 2026]: Sec. 7. (a) An employer that complies  
with a notice described in section 3 of this chapter that is regular on its  
face is not liable in any civil action for any conduct taken in  
compliance with the notice.

(b) An employer that complies with a notice described in section 3  
of this chapter is discharged from liability to an employee for the part  
of the employee's income that was withheld in compliance with the  
notice.

(c) If a court issues an order to stay a withholding of income, the  
department is not liable in any civil action to an individual who is the  
subject of the income withholding for amounts withheld from the  
individual's income before the stay becomes effective.

(d) Administrative income withholdings issued under this chapter  
are subject to the limitations set forth in ~~IC 24-4.5-5-105~~ **IC 37-2-6-4**.  
A withholding under this chapter is not an assignment of wages under  
IC 22-2-6.

(e) The department may adopt rules under IC 4-22-2 to carry out the  
department's responsibilities under this chapter.

SECTION 17. IC 22-9-1-3, AS AMENDED BY P.L.213-2016,  
SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
JULY 1, 2026]: Sec. 3. As used in this chapter:

(a) "Person" means one (1) or more individuals, partnerships,  
associations, organizations, limited liability companies, corporations,  
labor organizations, cooperatives, legal representatives, trustees,  
trustees in bankruptcy, receivers, and other organized groups of  
persons.

(b) "Commission" means the civil rights commission created under  
section 4 of this chapter.

(c) "Director" means the director of the civil rights commission.

(d) "Deputy director" means the deputy director of the civil rights  
commission.

(e) "Commission attorney" means the deputy attorney general, such  
assistants of the attorney general as may be assigned to the  
commission, or such other attorney as may be engaged by the  
commission.

(f) "Consent agreement" means a formal agreement entered into in  
lieu of adjudication.

(g) "Affirmative action" means those acts that the commission  
determines necessary to assure compliance with the Indiana civil rights  
law.

(h) "Employer" means the state or any political or civil subdivision



thereof and any person employing six (6) or more persons within the state, except that the term "employer" does not include:

(1) any nonprofit corporation or association organized exclusively for fraternal or religious purposes;

(2) any school, educational, or charitable religious institution owned or conducted by or affiliated with a church or religious institution; or

(3) any exclusively social club, corporation, or association that is not organized for profit.

(i) "Employee" means any person employed by another for wages or salary. However, the term does not include any individual employed:

(1) by the individual's parents, spouse, or child; or

(2) in the domestic service of any person.

(j) "Labor organization" means any organization that exists for the purpose in whole or in part of collective bargaining or of dealing with employers concerning grievances, terms, or conditions of employment or for other mutual aid or protection in relation to employment.

(k) "Employment agency" means any person undertaking with or without compensation to procure, recruit, refer, or place employees.

(l) "Discriminatory practice" means:

(1) the exclusion of a person from equal opportunities because of race, religion, color, sex, disability, national origin, ancestry, or status as a veteran;

(2) a system that excludes persons from equal opportunities because of race, religion, color, sex, disability, national origin, ancestry, or status as a veteran;

(3) the promotion of racial segregation or separation in any manner, including but not limited to the inducing of or the attempting to induce for profit any person to sell or rent any dwelling by representations regarding the entry or prospective entry in the neighborhood of a person or persons of a particular race, religion, color, sex, disability, national origin, or ancestry;

(4) a violation of IC 22-9-5 that occurs after July 25, 1992, and is committed by a covered entity (as defined in IC 22-9-5-4);

(5) the performance of an abortion solely because of the race, color, sex, disability, national origin, or ancestry of the fetus; or

(6) a violation of any of the following statutes protecting the right of conscience regarding abortion:

(A) IC 16-34-1-4.

(B) IC 16-34-1-5.

(C) IC 16-34-1-6.

Every discriminatory practice relating to the acquisition or sale of real



estate, education, public accommodations, employment, or the extending of credit (as defined in ~~IC 24-4.5-1-301.5~~) **IC 37-2-2-14**) shall be considered unlawful unless it is specifically exempted by this chapter.

(m) "Public accommodation" means any establishment that caters or offers its services or facilities or goods to the general public.

(n) "Complainant" means:

(1) any individual charging on the individual's own behalf to have been personally aggrieved by a discriminatory practice; or

(2) the director or deputy director of the commission charging that a discriminatory practice was committed against a person (other than the director or deputy director) or a class of people, in order to vindicate the public policy of the state (as defined in section 2 of this chapter).

(o) "Complaint" means any written grievance that is:

(1) sufficiently complete and filed by a complainant with the commission; or

(2) filed by a complainant as a civil action in the circuit or superior court having jurisdiction in the county in which the alleged discriminatory practice occurred.

The original of any complaint filed under subdivision (1) shall be signed and verified by the complainant.

(p) "Sufficiently complete" refers to a complaint that includes:

(1) the full name and address of the complainant;

(2) the name and address of the respondent against whom the complaint is made;

(3) the alleged discriminatory practice and a statement of particulars thereof;

(4) the date or dates and places of the alleged discriminatory practice and if the alleged discriminatory practice is of a continuing nature the dates between which continuing acts of discrimination are alleged to have occurred; and

(5) a statement as to any other action, civil or criminal, instituted in any other form based upon the same grievance alleged in the complaint, together with a statement as to the status or disposition of the other action.

No complaint shall be valid unless filed within one hundred eighty (180) days from the date of the occurrence of the alleged discriminatory practice.

(q) "Sex" as it applies to segregation or separation in this chapter applies to all types of employment, education, public accommodations, and housing. However:



(1) it shall not be a discriminatory practice to maintain separate restrooms;

(2) it shall not be an unlawful employment practice for an employer to hire and employ employees, for an employment agency to classify or refer for employment any individual, for a labor organization to classify its membership or to classify or refer for employment any individual, or for an employer, labor organization, or joint labor management committee controlling apprenticeship or other training or retraining programs to admit or employ any other individual in any program on the basis of sex in those certain instances where sex is a bona fide occupational qualification reasonably necessary to the normal operation of that particular business or enterprise; and

(3) it shall not be a discriminatory practice for a private or religious educational institution to continue to maintain and enforce a policy of admitting students of one (1) sex only.

(r) "Disabled" or "disability" means the physical or mental condition of a person that constitutes a substantial disability. In reference to employment under this chapter, "disabled or disability" also means the physical or mental condition of a person that constitutes a substantial disability unrelated to the person's ability to engage in a particular occupation.

(s) "Veteran" means:

- (1) a veteran of the armed forces of the United States;
- (2) a member of the Indiana National Guard; or
- (3) a member of a reserve component.

SECTION 18. IC 23-0.5-9-58, AS ADDED BY P.L.118-2017, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 58. The secretary of state may accept payment of the correct filing fee by credit card, debit card, charge card, or similar method. However, if the filing fee is paid by credit card, debit card, charge card, or similar method, the liability is not finally discharged until the secretary of state receives payment or credit from the institution responsible for making the payment or credit. The secretary of state may contract with a bank or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the secretary of state or charged directly to the secretary of state's account, the secretary of state or the credit card vendor may collect from the person using the bank or credit card a fee that may not exceed the highest transaction charge or discount fee charged to the secretary of state by the bank or credit card vendor during the most recent collection period. This fee may be



collected regardless of any agreement between the bank and a credit card vendor or regardless of any internal policy of the credit card vendor that may prohibit this type of fee. The fee is a permitted additional charge under ~~IC 24-4.5-3-202~~. **IC 37-2-4-5.**

SECTION 19. IC 23-2.5-1-14, AS ADDED BY P.L.175-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 14. (a) "Loan broker" means a person who, in return for consideration from any source:

- (1) procures;
- (2) attempts to procure; or
- (3) assists in procuring;

a residential mortgage loan from a third party, regardless of whether the person seeking the loan obtains the loan.

(b) The term "loan broker" does not include:

- (1) a supervised financial organization (as defined in IC 26-1-4-102.5), including a bank, savings bank, trust company, savings association, or credit union;
- (2) another financial institution that is:
  - (A) regulated by an agency of the United States or a state; and
  - (B) regularly actively engaged in the business of:
    - (i) making consumer loans that are not secured by real estate; or
    - (ii) taking assignment of consumer sales contracts that are not secured by real estate;
- (3) an insurance company;
- (4) a person arranging financing for the sale of the person's product; or

(5) a creditor that is licensed under ~~IC 24-4.4-2-402~~. **IC 37-1-3-5.**

SECTION 20. IC 23-2.5-8-3, AS ADDED BY P.L.175-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) If a transaction for which a loan broker has charged a fee is rescinded by a person under the federal Truth in Lending Act (15 U.S.C. 1601-1667e) within twenty (20) calendar days after the date on which a notice of the rescission is delivered to the creditor, the loan broker shall return to the person any consideration received by the loan broker other than bona fide third party fees.

(b) For purposes of calculating the period during which a person may avoid a contract under IC 24-5-10-8 or ~~IC 24-4.5-2-502~~, **IC 37-2-3-28**, a contract with a loan broker is considered to be a sale of services that occurs on the date on which the person signs the written contract required by section 1 of this chapter.

SECTION 21. IC 23-2.5-11-16, AS ADDED BY P.L.175-2019,



SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 16. In the securities division's investigative, examination, and regulatory activities related to licensees under this article, the securities division may cooperate with the Indiana department of financial institutions in the regulation of a licensee that conducts:

(1) business under this article; and

(2) business that requires licensure under ~~IC 24-4.4~~ **IC 37-1**.

SECTION 22. IC 24-4.4 IS REPEALED [EFFECTIVE JULY 1, 2026]. (First Lien Mortgage Lending).

SECTION 23. IC 24-4.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. (Uniform Consumer Credit Code).

SECTION 24. IC 24-4.6-1-103, AS AMENDED BY P.L.86-2018, SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 103. Interest at the rate of eight percent (8%) per annum shall be allowed:

(a) From the date of settlement on money due on any instrument in writing which does not specify a rate of interest and which is not covered by ~~IC 24-4.5~~ **IC 37-2** or this article;

(b) And from the date an itemized bill shall have been rendered and payment demanded on an account stated, account closed or for money had and received for the use of another and retained without the other person's consent.

SECTION 25. IC 24-4.7-1-1, AS AMENDED BY P.L.242-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. This article does not apply to any of the following:

(1) A telephone call made in response to an express request of the person called.

(2) A telephone call made primarily in connection with an existing debt or contract for which payment or performance has not been completed at the time of the call.

(3) A telephone call made on behalf of a charitable organization that is exempt from federal income taxation under Section 501 of the Internal Revenue Code, but only if all of the following apply:

(A) The telephone call is made by a volunteer or an employee of the charitable organization.

(B) The telephone solicitor who makes the telephone call immediately discloses all of the following information upon making contact with the consumer:

(i) The solicitor's true first and last name.

(ii) The name, address, and telephone number of the



- 1 charitable organization.
- 2 (4) A telephone call made by an individual licensed under
- 3 IC 25-34.1 if:
- 4 (A) the sale of goods or services is not completed; and
- 5 (B) the payment or authorization of payment is not required;
- 6 until after a face to face sales presentation by the seller.
- 7 (5) A telephone call made by an individual licensed under
- 8 IC 27-1-15.6 or IC 27-1-15.8 when the individual is soliciting an
- 9 application for insurance or negotiating a policy of insurance on
- 10 behalf of an insurer (as defined in IC 27-1-2-3).
- 11 (6) A telephone call soliciting the sale of a newspaper of general
- 12 circulation, but only if the telephone call is made by a volunteer
- 13 or an employee of the newspaper.
- 14 (7) Any telephone call made to a consumer by a communications
- 15 service provider (as defined in IC 8-1-32.5-4) that:
- 16 (A) offers broadband Internet service; and
- 17 (B) has an established business relationship (as defined in 47
- 18 CFR 64.1200) with the consumer.
- 19 (8) Any telephone call made to a consumer by:
- 20 (A) a financial institution organized or reorganized under the
- 21 laws of any state or the United States; or
- 22 (B) a person licensed by the department of financial
- 23 institutions under ~~IC 24-4.4, IC 24-4.5, IC 37-1, IC 37-2,~~ or
- 24 750 IAC 9;
- 25 that has an established business relationship (as defined in 47
- 26 CFR 64.1200) with the consumer.
- 27 SECTION 26. IC 24-4.9-2-6, AS ADDED BY P.L.125-2006,
- 28 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 29 JULY 1, 2026]: Sec. 6. "Financial institution" means a financial
- 30 institution as defined in:
- 31 (1) IC 28-1-1-3, other than a consumer finance institution licensed
- 32 to make supervised or regulated loans under ~~IC 24-4.5; IC 37-2;~~
- 33 or
- 34 (2) 15 U.S.C. 6809(3).
- 35 SECTION 27. IC 24-5-0.5-3, AS AMENDED BY P.L.104-2024,
- 36 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 37 JULY 1, 2026]: Sec. 3. (a) A supplier may not commit an unfair,
- 38 abusive, or deceptive act, omission, or practice in connection with a
- 39 consumer transaction. Such an act, omission, or practice by a supplier
- 40 is a violation of this chapter whether it occurs before, during, or after
- 41 the transaction. An act, omission, or practice prohibited by this section
- 42 includes both implicit and explicit misrepresentations.





1 (b) Without limiting the scope of subsection (a), the following acts,  
2 and the following representations as to the subject matter of a  
3 consumer transaction, made orally, in writing, or by electronic  
4 communication, by a supplier, are deceptive acts:

5 (1) That such subject of a consumer transaction has sponsorship,  
6 approval, performance, characteristics, accessories, uses, or  
7 benefits it does not have which the supplier knows or should  
8 reasonably know it does not have.

9 (2) That such subject of a consumer transaction is of a particular  
10 standard, quality, grade, style, or model, if it is not and if the  
11 supplier knows or should reasonably know that it is not.

12 (3) That such subject of a consumer transaction is new or unused,  
13 if it is not and if the supplier knows or should reasonably know  
14 that it is not.

15 (4) That such subject of a consumer transaction will be supplied  
16 to the public in greater quantity than the supplier intends or  
17 reasonably expects.

18 (5) That replacement or repair constituting the subject of a  
19 consumer transaction is needed, if it is not and if the supplier  
20 knows or should reasonably know that it is not.

21 (6) That a specific price advantage exists as to such subject of a  
22 consumer transaction, if it does not and if the supplier knows or  
23 should reasonably know that it does not.

24 (7) That the supplier has a sponsorship, approval, or affiliation in  
25 such consumer transaction the supplier does not have, and which  
26 the supplier knows or should reasonably know that the supplier  
27 does not have.

28 (8) That such consumer transaction involves or does not involve  
29 a warranty, a disclaimer of warranties, or other rights, remedies,  
30 or obligations, if the representation is false and if the supplier  
31 knows or should reasonably know that the representation is false.

32 (9) That the consumer will receive a rebate, discount, or other  
33 benefit as an inducement for entering into a sale or lease in return  
34 for giving the supplier the names of prospective consumers or  
35 otherwise helping the supplier to enter into other consumer  
36 transactions, if earning the benefit, rebate, or discount is  
37 contingent upon the occurrence of an event subsequent to the time  
38 the consumer agrees to the purchase or lease.

39 (10) That the supplier is able to deliver or complete the subject of  
40 the consumer transaction within a stated period of time, when the  
41 supplier knows or should reasonably know the supplier could not.  
42 If no time period has been stated by the supplier, there is a



presumption that the supplier has represented that the supplier will deliver or complete the subject of the consumer transaction within a reasonable time, according to the course of dealing or the usage of the trade.

(11) That the consumer will be able to purchase the subject of the consumer transaction as advertised by the supplier, if the supplier does not intend to sell it.

(12) That the replacement or repair constituting the subject of a consumer transaction can be made by the supplier for the estimate the supplier gives a customer for the replacement or repair, if the specified work is completed and:

(A) the cost exceeds the estimate by an amount equal to or greater than ten percent (10%) of the estimate;

(B) the supplier did not obtain written permission from the customer to authorize the supplier to complete the work even if the cost would exceed the amounts specified in clause (A);

(C) the total cost for services and parts for a single transaction is more than seven hundred fifty dollars (\$750); and

(D) the supplier knew or reasonably should have known that the cost would exceed the estimate in the amounts specified in clause (A).

(13) That the replacement or repair constituting the subject of a consumer transaction is needed, and that the supplier disposes of the part repaired or replaced earlier than seventy-two (72) hours after both:

(A) the customer has been notified that the work has been completed; and

(B) the part repaired or replaced has been made available for examination upon the request of the customer.

(14) Engaging in the replacement or repair of the subject of a consumer transaction if the consumer has not authorized the replacement or repair, and if the supplier knows or should reasonably know that it is not authorized.

(15) The act of misrepresenting the geographic location of the supplier by listing an alternate business name or an assumed business name (as described in IC 23-0.5-3-4) in a local telephone directory if:

(A) the name misrepresents the supplier's geographic location;

(B) the listing fails to identify the locality and state of the supplier's business;

(C) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that



- 1 is outside the calling area covered by the local telephone
- 2 directory; and
- 3 (D) the supplier's business location is located in a county that
- 4 is not contiguous to a county in the calling area covered by the
- 5 local telephone directory.
- 6 (16) The act of listing an alternate business name or assumed
- 7 business name (as described in IC 23-0.5-3-4) in a directory
- 8 assistance data base if:
- 9 (A) the name misrepresents the supplier's geographic location;
- 10 (B) calls to the local telephone number are routinely forwarded
- 11 or otherwise transferred to a supplier's business location that
- 12 is outside the local calling area; and
- 13 (C) the supplier's business location is located in a county that
- 14 is not contiguous to a county in the local calling area.
- 15 (17) The violation by a supplier of IC 24-3-4 concerning
- 16 cigarettes for import or export.
- 17 (18) The act of a supplier in knowingly selling or reselling a
- 18 product to a consumer if the product has been recalled, whether
- 19 by the order of a court or a regulatory body, or voluntarily by the
- 20 manufacturer, distributor, or retailer, unless the product has been
- 21 repaired or modified to correct the defect that was the subject of
- 22 the recall.
- 23 (19) The violation by a supplier of 47 U.S.C. 227, including any
- 24 rules or regulations issued under 47 U.S.C. 227.
- 25 (20) The violation by a supplier of the federal Fair Debt
- 26 Collection Practices Act (15 U.S.C. 1692 et seq.), including any
- 27 rules or regulations issued under the federal Fair Debt Collection
- 28 Practices Act (15 U.S.C. 1692 et seq.).
- 29 (21) A violation of IC 24-5-7 (concerning health spa services), as
- 30 set forth in IC 24-5-7-17.
- 31 (22) A violation of IC 24-5-8 (concerning business opportunity
- 32 transactions), as set forth in IC 24-5-8-20.
- 33 (23) A violation of IC 24-5-10 (concerning home consumer
- 34 transactions), as set forth in IC 24-5-10-18.
- 35 (24) A violation of IC 24-5-11 (concerning real property
- 36 improvement contracts), as set forth in IC 24-5-11-14.
- 37 (25) A violation of IC 24-5-12 (concerning telephone
- 38 solicitations), as set forth in IC 24-5-12-23.
- 39 (26) A violation of IC 24-5-13.5 (concerning buyback motor
- 40 vehicles), as set forth in IC 24-5-13.5-14.
- 41 (27) A violation of IC 24-5-14 (concerning automatic
- 42 dialing-announcing devices), as set forth in IC 24-5-14-13.



(28) A violation of IC 24-5-15 (concerning credit services organizations), as set forth in IC 24-5-15-11.

(29) A violation of IC 24-5-16 (concerning unlawful motor vehicle subleasing), as set forth in IC 24-5-16-18.

(30) A violation of IC 24-5-17 (concerning environmental marketing claims), as set forth in IC 24-5-17-14.

(31) A violation of IC 24-5-19 (concerning deceptive commercial solicitation), as set forth in IC 24-5-19-11.

(32) A violation of IC 24-5-21 (concerning prescription drug discount cards), as set forth in IC 24-5-21-7.

(33) A violation of IC 24-5-23.5-7 (concerning real estate appraisals), as set forth in IC 24-5-23.5-9.

(34) A violation of IC 24-5-26 (concerning identity theft), as set forth in IC 24-5-26-3.

(35) A violation of ~~IC 24-5-5~~ **IC 37-4** (concerning mortgage rescue fraud), as set forth in ~~IC 24-5-5-6-1~~ **IC 37-4-5-1**.

(36) A violation of IC 24-8 (concerning promotional gifts and contests), as set forth in IC 24-8-6-3.

(37) A violation of IC 21-18.5-6 (concerning representations made by a postsecondary credit bearing proprietary educational institution), as set forth in IC 21-18.5-6-22.5.

(38) A violation of IC 24-5-15.5 (concerning collection actions of a plaintiff debt buyer), as set forth in IC 24-5-15.5-6.

(39) A violation of IC 24-14 (concerning towing services), as set forth in IC 24-14-10-1.

(40) A violation of IC 24-5-14.5 (concerning misleading or inaccurate caller identification information), as set forth in IC 24-5-14.5-12.

(41) A violation of IC 24-5-27 (concerning intrastate inmate calling services), as set forth in IC 24-5-27-27.

(42) A violation of IC 15-21 (concerning sales of dogs by retail pet stores), as set forth in IC 15-21-7-4.

(43) A violation of IC 24-4-23 (concerning the security of information collected and transmitted by an adult oriented website operator), as set forth in IC 24-4-23-14.

(c) Any representations on or within a product or its packaging or in advertising or promotional materials which would constitute a deceptive act shall be the deceptive act both of the supplier who places such representation thereon or therein, or who authored such materials, and such other suppliers who shall state orally or in writing that such representation is true if such other supplier shall know or have reason to know that such representation was false.



(d) If a supplier shows by a preponderance of the evidence that an act resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error, such act shall not be deceptive within the meaning of this chapter.

(e) It shall be a defense to any action brought under this chapter that the representation constituting an alleged deceptive act was one made in good faith by the supplier without knowledge of its falsity and in reliance upon the oral or written representations of the manufacturer, the person from whom the supplier acquired the product, any testing organization, or any other person provided that the source thereof is disclosed to the consumer.

(f) For purposes of subsection (b)(12), a supplier that provides estimates before performing repair or replacement work for a customer shall give the customer a written estimate itemizing as closely as possible the price for labor and parts necessary for the specific job before commencing the work.

(g) For purposes of subsection (b)(15) and (b)(16), a telephone company or other provider of a telephone directory or directory assistance service or its officer or agent is immune from liability for publishing the listing of an alternate business name or assumed business name of a supplier in its directory or directory assistance data base unless the telephone company or other provider of a telephone directory or directory assistance service is the same person as the supplier who has committed the deceptive act.

(h) For purposes of subsection (b)(18), it is an affirmative defense to any action brought under this chapter that the product has been altered by a person other than the defendant to render the product completely incapable of serving its original purpose.

SECTION 28. IC 24-5-15-7, AS AMENDED BY P.L.209-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Except as provided in subsection (d), a contract between a consumer and a credit services organization concerning the purchase of the services of the credit services organization must be in writing, be dated and signed by both the consumer and the credit services organization, and include all of the following:

(1) A statement in at least 10 point boldface type in immediate proximity to the space reserved for the signature of the buyer that reads:

"You, the buyer, may cancel this contract at any time before midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this



right."

(2) The terms and conditions of payment, including the total amount of all payments to be made by the buyer to the credit services organization or to another person.

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services organization for or on behalf of the buyer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services organization expects to have modified and the estimated date by which each modification will occur.

(4) The principal business address of the credit services organization and the name and address of the credit services organization's agent in Indiana authorized to receive service of process.

(b) A contract shall be accompanied by two (2) copies of a form captioned "NOTICE OF CANCELLATION" attached to the contract and that contains the following statement in at least 10 point boldface type:

**NOTICE OF CANCELLATION**

You may cancel this contract, without any penalty or obligation, at any time before midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within ten days following receipt by the seller of your cancellation notice, or any other written notice, to

\_\_\_\_\_  
(name of seller)

\_\_\_\_\_  
(address of seller)

\_\_\_\_\_  
(place of business)

not later than midnight \_\_\_\_\_

(date)

"I hereby cancel this transaction". \_\_\_\_\_

(date)

\_\_\_\_\_  
(buyer's signature)

(c) A credit services organization shall give a copy of the completed contract and all other documents required by the credit services organization to the buyer at the time the contract and the documents are signed.

(d) If a contract is subject to this chapter and to ~~IC 24-5.5;~~ ~~IC 24-5.5-4, IC 37-4, IC 37-4-3~~ applies to the contract.



SECTION 29. IC 24-5-23.5-3, AS ADDED BY P.L.52-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) As used in this chapter, "creditor" means a person:

- (1) that regularly engages in Indiana in the extension of mortgage loans that are subject to a credit service charge or loan finance charge, as applicable, or are payable by written agreement in more than four (4) installments (not including a down payment); and
- (2) to whom the obligation arising from a mortgage loan is initially payable, either on the face of the note or contract, or by agreement if there is not a note or contract.

(b) The term does not include a person described in:

- (1) ~~IC 24-9-2-6(a)(2)~~ **IC 37-5-2-6(a)(2)** if the person described in ~~IC 24-9-2-6(a)(2)~~ **IC 37-5-2-6(a)(2)** is not the person extending the credit in the transaction; or
- (2) ~~IC 24-9-2-6(b)~~ **IC 37-5-2-6(b)**.

SECTION 30. IC 24-5-23.5-4, AS AMENDED BY P.L.13-2013, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) As used in this chapter, "mortgage loan" means a loan in which a mortgage (or another equivalent consensual security interest) that constitutes a lien is created or retained against an interest in real property in Indiana.

(b) The term includes the following:

- (1) A home loan subject to ~~IC 24-9~~ **IC 37-5**.
- (2) A loan described in ~~IC 24-9-1-1~~, **IC 37-5-1-1**, to the extent allowed under federal law.
- (3) A first lien mortgage transaction (as defined in ~~IC 24-4-4-1-301~~) **IC 37-1-2** subject to ~~IC 24-4-4~~ **IC 37-1**.
- (4) A consumer credit sale subject to ~~IC 24-4.5-2~~ **IC 37-2-3** in which a mortgage (or another equivalent consensual security interest) that constitutes a lien is created or retained against an interest in real property in Indiana.
- (5) A consumer loan subject to ~~IC 24-4.5-3~~ **IC 37-2-4** in which a mortgage (or another equivalent consensual security interest) that constitutes a lien is created or retained against an interest in real property in Indiana.
- (6) A loan in which a mortgage (or another equivalent consensual security interest) that constitutes a lien is created or retained against land:
  - (A) that is located in Indiana;
  - (B) upon which there is a dwelling that is not or will not be used by the borrower primarily for personal, family, or



- 1 household purposes; and  
 2 (C) that is classified as residential for property tax purposes.  
 3 The term includes a loan that is secured by land in Indiana upon  
 4 which there is a dwelling that is purchased by or through the  
 5 borrower for investment or other business purposes.  
 6 (c) The term does not include a land contract.  
 7 SECTION 31. IC 24-5-23.6-1, AS ADDED BY P.L.115-2010,  
 8 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2026]: Sec. 1. (a) As used in this chapter, "creditor" means:  
 10 (1) a person:  
 11 (A) that engages in Indiana in the extension of mortgages that  
 12 are subject to a credit service charge or loan finance charge, as  
 13 applicable, or are payable by written agreement in more than  
 14 four (4) installments (not including a down payment); and  
 15 (B) to whom the obligation arising from a mortgage is initially  
 16 payable, either on the face of the note or contract, or by  
 17 agreement if there is not a note or contract; or  
 18 (2) a person who brokers a mortgage, including a person who:  
 19 (A) directly or indirectly solicits, processes, places, or  
 20 negotiates mortgages for others;  
 21 (B) offers to solicit, process, place, or negotiate mortgages for  
 22 others; or  
 23 (C) closes mortgages that may be in the person's own name  
 24 with funds provided by others and that are thereafter assigned  
 25 to the person providing funding for the mortgages.  
 26 (b) The term does not include a person described in ~~IC 24-9-2-6(b)~~.  
 27 **IC 37-5-2-6(b).**  
 28 SECTION 32. IC 24-5-23.6-7, AS AMENDED BY P.L.89-2011,  
 29 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2026]: Sec. 7. (a) As used in this chapter, "mortgage" means  
 31 a sale or loan, or the refinancing or consolidation of a sale or loan, in  
 32 which a first mortgage deed of (or another equivalent consensual  
 33 security interest) that constitutes a first lien, is created or retained  
 34 against land that is located in Indiana and upon which there is a  
 35 dwelling that is or will be used by the debtor primarily for personal,  
 36 family, or household purposes.  
 37 (b) The term includes any of the following that meets the conditions  
 38 set forth in subsection (a):  
 39 (1) A home loan subject to ~~IC 24-9-~~ **IC 37-5.**  
 40 (2) A loan described in ~~IC 24-9-1-1,~~ **IC 37-5-1-1,** to the extent  
 41 allowed under federal law.  
 42 (3) A first lien mortgage transaction (as defined in





~~IC 24-4.4-1-301~~ **IC 37-1-2**) subject to ~~IC 24-4.4~~ **IC 37-1**.

(c) The term does not include a land contract (as defined in ~~IC 24-4.4-1-301(36)~~ **IC 37-1-2-21**).

SECTION 33. IC 24-5-24-3, AS ADDED BY P.L.104-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) As used in this chapter, "consumer reporting agency" means any person that, for monetary fees or dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating information concerning a consumer's credit or other information for the purpose of furnishing a consumer report to another person.

(b) The term does not include an entity designated as a commercially reasonable private consumer credit reporting entity under ~~IC 24-4.5-7-404(5)~~ **IC 37-3-3-8(e)**.

SECTION 34. IC 24-5.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. (Mortgage Rescue Protection Fraud).

SECTION 35. IC 24-7-1-2, AS AMENDED BY P.L.159-2017, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. Except as provided in this article, the provisions of:

- (1) the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) and regulations adopted under that act;
- (2) ~~IC 24-4.5~~ **IC 37-2**;
- (3) IC 26-1-1-201(37);
- (4) IC 26-1-2 concerning the creation of a security interest in property;
- (5) IC 26-1-9.1; and
- (6) rules adopted under the statutes described in subdivisions (2) through (5);

do not apply to a rental purchase agreement.

SECTION 36. IC 24-7-1-5, AS AMENDED BY P.L.176-2019, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) Rental purchase agreements involving:

- (1) motor vehicles (as defined in IC 9-13-2-105(a)), including:
  - (A) component parts (as defined in IC 9-13-2-34);
  - (B) major component parts (as defined in IC 9-13-2-95); and
  - (C) any other parts (as defined in IC 9-13-2-122) other than:
    - (i) wheels;
    - (ii) rims; and
    - (iii) tires;
- necessary to operate a motor vehicle;
- (2) other titled property; or



(3) live domestic animals (as defined in IC 34-30-30-1);  
are prohibited under this article.

(b) If the director determines that a transaction described in IC 24-7-2-9(a) involves the application of subterfuge for the purpose of avoiding the application of the Uniform Consumer Credit Code (~~IC 24-4.5~~), **(IC 37-2)**, the director may treat the transaction as a disguised consumer credit sale that is subject to ~~IC 24-4.5~~. **IC 37-2**. A determination by the director under this subsection:

(1) must be in writing;

(2) shall be delivered to all parties in the transaction; and

(3) is subject to IC 4-21.5-3.

SECTION 37. IC 24-7-1-7, AS ADDED BY P.L.89-2011, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. This article does not apply to the rental purchase of a dwelling (as defined in ~~IC 24-4.4-1-301(11)~~), **IC 37-1-2-15**), regardless of whether the dwelling is assessed as real or personal property for property tax purposes.

SECTION 38. IC 24-7-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. "Department" has the meaning set forth in ~~IC 24-4.5-6-103~~. **IC 37-2-2-15.7**.

SECTION 39. IC 24-7-2-2.5, AS ADDED BY P.L.159-2017, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2.5. "Consumer Credit Protection Act" has the meaning set forth in ~~IC 24-4.5-1-302~~. **IC 37-2-2-11**.

SECTION 40. IC 24-7-6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) ~~IC 24-4.5-5-105 and IC 24-4.5-5-106~~ **IC 37-2-6-4 and IC 37-2-6-5** apply to garnishments related to a rental purchase agreement.

(b) With respect to a debt arising from a rental purchase agreement, regardless of where made, the lessor may not attach unpaid earnings of the debtor by garnishment proceedings or other similar proceedings before the entry of a judgment in an action against the lessee arising from a rental purchase agreement.

SECTION 41. IC 24-7-7-1, AS AMENDED BY P.L.93-2024, SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The department shall enforce this article. To carry out this responsibility, the department may do the following:

(1) Receive and act on complaints, take action designed to obtain voluntary compliance with this article, or commence proceedings on the department's own initiative.

(2) Issue and enforce administrative orders under IC 4-21.5.



(3) Counsel persons and groups on their rights and duties under this article.

(4) Establish programs for the education of consumers with respect to rental purchase agreement practices and problems.

(5) Make studies appropriate to effectuate the purposes and policies of this article and make the results available to the public.

(6) Adopt rules under IC 4-22-2 to carry out this article.

(7) Maintain more than one (1) office within Indiana.

(8) Bring a civil action to restrain a person from violating this article and for other appropriate relief, and exercise the same enforcement powers provided under ~~IC 24-4.5-6-108.~~ **IC 37-2-7-9.**

(9) Require a lessor to refund to the lessee any overcharges resulting from the lessor's noncompliance with:

(A) the terms of a rental purchase agreement; or

(B) this article, or any order or rule issued or adopted by the department under this article.

(b) If the department determines, after notice and an opportunity to be heard, that a person has violated this article, or any order or rule issued or adopted by the department under this article, the department may, in addition to or instead of all other remedies available under this section, impose upon the person a civil penalty not greater than ten thousand dollars (\$10,000) per violation.

SECTION 42. IC 24-9 IS REPEALED [EFFECTIVE JULY 1, 2026]. (Home Loan Practices).

SECTION 43. IC 24-10-2-1, AS ADDED BY P.L.121-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The consumer protection assistance fund is established for the purpose of compensating qualifying individuals who submit qualifying claims to the office. The fund shall be administered by the office.

(b) The fund consists of:

(1) appropriations made to the fund by the general assembly;

(2) grants, gifts, and donations intended for deposit in the fund; and

(3) at the discretion of the office, money recovered or received by the office for consumer protection purposes if use of the money is not otherwise restricted.

(c) Money in the fund may be used to make payments to qualifying individuals who file qualifying claims with the office in connection with a case involving a violation by one (1) or more other persons of any of the following statutes, including rules adopted under the



authority of the following statutes:

(1) IC 24-4.7 (concerning telephone solicitation of consumers) if the case concerns a violation involving telephone solicitations made in connection with any practice or transaction governed by a statute described in subdivisions (2) through (4).

(2) IC 24-5-15 (concerning credit services organizations).

(3) ~~IC 24-5-5~~ **IC 37-4** (concerning mortgage rescue fraud).

(4) ~~IC 24-9~~ **IC 37-5** (concerning home loan practices).

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

(e) 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.

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

SECTION 44. IC 24-12-5-1, AS AMENDED BY P.L.176-2019, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The department of financial institutions may enforce this article.

(b) With respect to CPAP transactions and CPAP providers, the department has all powers of administration, investigation, and enforcement set forth in:

(1) ~~IC 24-4-5-6~~; **IC 37-2-7**; and

(2) IC 28-11-4;

including the authority to levy a civil penalty.

SECTION 45. IC 25-11-1-2, AS AMENDED BY P.L.159-2017, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. The term "collection agency" does not include the following:

(a) Attorney at law.

(b) Persons regularly employed on a regular wage or salary in the capacity of credit men or in a similar capacity except as an independent contractor.

(c) Banks, trust departments, fiduciaries, ~~and~~ financial institutions, licensees under ~~IC 24-4.4 and IC 24-4.5~~; **IC 37-1 and IC 37-2**, and licensees under IC 28-5-1.

(d) Licensed real estate brokers.

(e) Employees of licensees under this chapter.

(f) Any person, firm, partnership, limited liability company, or corporation engaged in any business enterprise in the state whose primary object, business, or pursuit is not the collection of claims,



as the term is defined by this chapter.

(g) Any electric, gas, water, or telephone public utility and its respective employees, agents, representative agents, representatives, and individual contractors.

(h) Any express company regulated under IC 8-2.1 or IC 8-3.

SECTION 46. IC 25-34.1-6-2.5, AS AMENDED BY P.L.114-2010, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2.5. (a) A violation of:

(1) IC 24-5-15; or

(2) ~~IC 24-5-5~~; **IC 37-4**;

by a person licensed or required to be licensed under this article is a violation of this article.

(b) A person who commits a violation described in subsection (a) commits a Class A infraction and is subject to:

(1) the enforcement procedures described in section 2 of this chapter; and

(2) any sanction that may be imposed by the commission under IC 25-1-11-12.

SECTION 47. IC 26-1-1-108.1, AS AMENDED BY P.L.177-2019, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 108.1. (a) The secretary of state may provide that a document required to be filed under this article with the secretary of state may be filed by electronic transmission meeting the requirements established by the secretary of state.

(b) The secretary of state may accept payment of a filing fee for a document filed by electronic transmission by credit card, debit card, charge card, or similar method. However, if the filing fee is paid by credit card, debit card, charge card, or similar method, the liability is not finally discharged until the secretary of state receives payment or credit from the institution responsible for making the payment or credit.

(c) The secretary of state may contract with a bank or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the secretary of state or charged directly to the secretary of state's account, the secretary of state or the credit card vendor may collect from the person using the bank or credit card a fee that may not exceed the highest transaction charge or discount fee charged to the secretary of state by the bank or credit card vendor during the most recent collection period. The fee may be collected regardless of any agreement between the bank and a credit card vendor or regardless of any internal policy of the credit card vendor that may prohibit this type of fee. The fee is a permitted additional charge under ~~IC 24-4.5-3-202~~.



**IC 37-2-4-5.**

SECTION 48. IC 26-1-12-103, AS ADDED BY P.L.199-2023, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 103. (a) If there is a conflict between this chapter and IC 26-1-9.1, IC 26-1-9.1 governs.

(b) A transaction subject to this chapter is subject to:

(1) any applicable rule of law that establishes a different rule for consumers; and

(2) any:

(A) other statute or regulation that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit, including ~~IC 24-4.5~~; **IC 37-2 and IC 37-3**; and

(B) consumer protection statute or regulation.

SECTION 49. IC 26-2-7-2, AS AMENDED BY P.L.217-2007, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) As used in this chapter, "financial institution" refers to a financial institution (as defined in IC 28-1-1-3).

(b) The term does not include a person licensed under ~~IC 24-4.5~~.  
**IC 37-2 or IC 37-3.**

SECTION 50. IC 26-2-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. As used in this chapter, "creditor" means:

(1) a bank, a savings bank, a trust company, a savings association, a credit union, an industrial loan and investment company, or any other financial institution regulated by any agency of the United States or any state, including a consumer finance institution licensed to make supervised or regulated loans under ~~IC 24-4.5~~; **IC 37-2 or IC 37-3**;

(2) a person authorized to sell and service loans for the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, issue securities backed by the Government National Mortgage Association, make loans insured by the United States Department of Housing and Urban Development, make loans guaranteed by the United States Department of Veterans Affairs, or act as a correspondent of loans insured by the United States Department of Housing and Urban Development or guaranteed by the United States Department of Veterans Affairs; or

(3) an insurance company or its affiliates that extend credit under a credit agreement with a debtor.

SECTION 51. IC 27-1-31-1 IS AMENDED TO READ AS



FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) Except as provided in subsection (b), this chapter applies to all lines of commercial property and casualty insurance.

(b) This chapter:

(1) does not apply to the cancellation or nonrenewal of automobile insurance policies, as restricted under IC 27-7-6; and

(2) does not affect requirements applying to:

(A) the cancellation of medical malpractice insurance policies under IC 34-18-13-4 (or IC 27-12-13-4 before its repeal); or

(B) the cancellation of property or liability insurance by a creditor under ~~IC 24-4.5-4-304~~. **IC 37-2-5-17.**

SECTION 52. IC 27-7-3-22, AS AMENDED BY P.L.236-2025, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 22. (a) In a residential real estate transaction described in subsection (f) in which:

(1) a title policy is issued by a company or title insurance producer on behalf of a company; and

(2) the company or title insurance producer will also act as a settlement or closing agent;

the company or title insurance producer shall issue a closing protection letter to the lender, borrower, buyer, and seller of the property. A company authorized to do business under section 3 of this chapter shall charge a fee approved under subsection (e) to each party receiving the benefit of a closing protection letter.

(b) In a nonresidential real estate transaction in which:

(1) a title policy is issued by a company or title insurance producer on behalf of a company; and

(2) the company or title insurance producer will also act as a settlement or closing agent;

the company or title insurance producer may issue a closing protection letter to the lender, borrower, buyer, and seller of the property on request.

(c) A closing protection letter issued under this section must indemnify the party to which the closing protection letter is issued against any loss of settlement funds (under the terms and conditions of the closing protection letter) that results from the following acts of the company or title insurance producer that issues the closing protection letter:

(1) Theft or misappropriation of settlement funds in connection with a transaction in which the title policy is issued, only to the extent that the theft or misappropriation relates to the:

(A) status of title to; or



- 1 (B) validity, enforceability, and priority of the lien of the  
 2 mortgage on;  
 3 the party's interest in land.  
 4 (2) Failure to comply with the written closing instructions agreed  
 5 to by the company or title insurance producer acting as the  
 6 settlement agent, only to the extent that the failure relates to the:  
 7 (A) status of title to; or  
 8 (B) validity, enforceability, and priority of the lien of the  
 9 mortgage on;  
 10 the party's interest in land.  
 11 (d) The issuance of a closing protection letter under this section in  
 12 contemplation of or in conjunction with the issuance of a title insurance  
 13 policy is part of the business of title insurance for purposes of section  
 14 3 of this chapter.  
 15 (e) The amount of the fee that a company authorized to do business  
 16 under section 3 of this chapter charges to each party receiving the  
 17 benefits of a closing protection letter:  
 18 (1) must be submitted to and approved by the commissioner under  
 19 IC 27-1-22-28; and  
 20 (2) is not subject to an agreement requiring a division of fees or  
 21 premiums collected on behalf of the company.  
 22 (f) Subsection (a) applies to the following transactions:  
 23 (1) A mortgage transaction (as defined in ~~IC 24-9-3-7(a)~~)  
 24 **IC 37-5-3-7(a)**) that:  
 25 (A) is:  
 26 (i) a first lien purchase money mortgage transaction; or  
 27 (ii) a refinancing transaction; and  
 28 (B) is closed by a closing agent after December 31, 2009.  
 29 (2) A real estate transaction (as defined in ~~IC 24-9-3-7(b)~~)  
 30 **IC 37-5-3-7(b)**) that:  
 31 (A) does not involve a mortgage transaction described in  
 32 subdivision (1); and  
 33 (B) is closed by a closing agent (as defined in  
 34 IC 6-1.1-12-43(a)(2)) after December 31, 2011.  
 35 SECTION 53. IC 28-1-1-3, AS AMENDED BY P.L.137-2014,  
 36 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2026]: Sec. 3. Unless a different meaning is required by the  
 38 context, the following definitions apply throughout this article:  
 39 (1) "Financial institution" means any bank, trust company,  
 40 corporate fiduciary, savings association, credit union, savings  
 41 bank, bank of discount and deposit, or industrial loan and  
 42 investment company organized or reorganized under the laws of





1 this state, and includes licensees under ~~IC 24-4.4, IC 24-4.5,~~  
 2 **IC 37-1, IC 37-2,** and 750 IAC 9.

3 (2) "Bank" or "bank or trust company" means a financial  
 4 institution organized or reorganized as a bank, bank of discount  
 5 and deposit, or trust company under the laws of this state with the  
 6 express power to receive and accept deposits of money subject to  
 7 withdrawal by check, and possessing such other rights and powers  
 8 granted by the provisions of this article in express terms or by  
 9 implication. The term "bank" or "bank or trust company" does not  
 10 include a savings association, credit union, or industrial loan and  
 11 investment company.

12 (3) "Domestic corporation" means a corporation formed under the  
 13 laws of this state, and "foreign corporation" means every other  
 14 corporation.

15 (4) "Articles of incorporation" includes both the original articles  
 16 of incorporation and any and all amendments thereto, except  
 17 where the original articles of incorporation only are expressly  
 18 referred to, and includes articles of merger and consolidation, and,  
 19 in the case of corporations organized before July 1, 1933, articles  
 20 of reorganization, and all amendments thereto.

21 (5) "Incorporator" means one (1) of the signers of the original  
 22 articles of incorporation.

23 (6) "Subscriber" means one who subscribes for shares of stock in  
 24 a financial institution.

25 (7) "Shareholder" means one who is a holder of record of shares  
 26 of stock in a financial institution.

27 (8) "Capital stock" means the aggregate amount of the par value  
 28 of all shares of capital stock.

29 (9) "Capital" means the aggregate amount paid in on the shares of  
 30 capital stock of a financial institution issued and outstanding.

31 (10) "Capital and surplus" or "unimpaired capital and unimpaired  
 32 surplus" has the meaning set forth in 12 CFR 32.2.

33 (11) "Assets" includes all of the property and rights of every kind  
 34 of a financial institution, and the term "fixed assets" means such  
 35 assets as are not intended to be sold or disposed of in the ordinary  
 36 course of business.

37 (12) "Principal office" means that office maintained by the  
 38 financial institution in this state, the address of which is required  
 39 by the provisions of this article to be kept on file in the office of  
 40 the secretary of state.

41 (13) "Subscription" means any written agreement or undertaking,  
 42 accepted by a financial institution, for the purchase of shares of



- 1 capital stock in the financial institution.
- 2 (14) "Department" means the department of financial institutions.
- 3 (15) "Member" means a member of the department of financial
- 4 institutions.
- 5 (16) "Branch" means any office, agency, mobile unit, messenger
- 6 service, or other place of business at which deposits are received,
- 7 checks paid, or money lent. The term does not include:
- 8 (A) the principal office of a bank;
- 9 (B) the principal office of an affiliate;
- 10 (C) a branch of an affiliate;
- 11 (D) an automated teller machine;
- 12 (E) a night depository;
- 13 (F) a temporary facility authorized in IC 28-2-13-22.5;
- 14 (G) a loan production office;
- 15 (H) a deposit production office; or
- 16 (I) other service delivery mechanisms not considered by the
- 17 director to be a branch.
- 18 (17) "Subsidiary" means any foreign or domestic corporation or
- 19 limited liability company in which the parent bank, savings bank,
- 20 savings association, or industrial loan and investment company
- 21 had at least eighty percent (80%) ownership before July 1, 1999,
- 22 or is formed or acquired in accordance with IC 28-13-16 after
- 23 June 30, 1999.
- 24 (18) "Savings bank" means a financial institution that:
- 25 (A) was organized, reorganized, or operating under IC 28-6
- 26 (before its repeal) before January 1, 1993;
- 27 (B) is formed as the result of a conversion under:
- 28 (i) IC 28-1-21.7;
- 29 (ii) IC 28-1-21.8;
- 30 (iii) IC 28-1-21.9; or
- 31 (iv) IC 28-1-30; or
- 32 (C) is incorporated under IC 28-12.
- 33 (19) "Corporate fiduciary" means a financial institution whose
- 34 primary business purpose is to engage in the trust business (as
- 35 defined in IC 28-14-1-8) and the execution and administration of
- 36 fiduciary accounts as a nondepository trust company incorporated
- 37 under Indiana law.
- 38 SECTION 54. IC 28-1-2-6.5, AS AMENDED BY P.L.176-2019,
- 39 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 40 JULY 1, 2026]: Sec. 6.5. (a) A financial institution (as defined in
- 41 IC 28-1-1-3(1)), except for a licensee under ~~IC 24-4-4~~, ~~IC 24-4-5~~,
- 42 **IC 37-1, IC 37-2**, or 750 IAC 9, shall comply with the following:



(1) The Bank Secrecy Act (31 U.S.C. 5311 et seq.).

(2) The USA Patriot Act of 2001 (P.L. 107-56).

(3) Any regulations, policies, or reporting requirements established by the Financial Crimes Enforcement Network of the United States Department of the Treasury.

(4) Subchapter II of Chapter 53 of Title 31 of the United States Code, including 31 U.S.C. 5318(l), and 31 CFR Chapter X, including 31 CFR 1020.220.

(5) Any other state or federal money laundering statutes or regulations that apply to a financial institution (as defined in IC 28-1-1-3(1)) other than a licensee under ~~IC 24-4-4~~, ~~IC 24-4-5~~, **IC 37-1**, **IC 37-2**, or 750 IAC 9.

(b) The department shall do the following:

(1) To the extent authorized or required by state law, investigate potential violations of, and enforce compliance with, state money laundering statutes or regulations.

(2) Investigate potential violations of federal money laundering statutes or regulations and, to the extent authorized or required by federal law:

(A) enforce compliance with the federal statutes or regulations; or

(B) refer suspected violations of the federal statutes or regulations to the appropriate federal regulatory agencies.

SECTION 55. IC 28-1-2-30, AS AMENDED BY P.L.222-2025, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 30. (a) As used in this section, "financial institution" means any bank, trust company, corporate fiduciary, savings association, credit union, savings bank, bank of discount and deposit, or industrial loan and investment company organized or reorganized under the laws of this state, and includes licensees and registrants under ~~IC 24-4-4~~, ~~IC 24-4-5~~, IC 24-7, IC 24-12, IC 28-1-29, IC 28-7-5, IC 28-8-4.1, IC 28-8-5, IC 28-8-6, **IC 37-1**, **IC 37-2**, and 750 IAC 9.

(b) Except as otherwise provided, a member of the department or the director or deputy, assistant, or any other person having access to any such information may not disclose to any person, other than officially to the department, by the report made to it, or to the board of directors, partners, or owners, or in compliance with the order of a court, the names of the depositors or shareholders in any financial institution, or the amount of money on deposit in any financial institution at any time in favor of any depositor, or any other information concerning the affairs of any such financial institution.



SECTION 56. IC 28-1-2-30.5, AS AMENDED BY P.L.35-2010,  
SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
JULY 1, 2026]: Sec. 30.5. (a) This section applies to the following:

(1) Any:

(A) financial institution;

(B) person required to file notification with the department  
under ~~IC 24-4.5-6-202~~; **IC 37-2-7-25**;

(C) person subject to IC 24-7; or

(D) other person subject to regulation by the department.

(2) Any person licensed or required to be licensed under  
~~IC 24-4.4 or IC 24-4.5~~. **IC 37-1 or IC 37-2.**

(b) As used in this section, "customer", with respect to a person  
described in subsection (a), means an individual consumer, or the  
individual's legal representative, who obtains or has obtained from the  
person a financial:

(1) product; or

(2) service;

that is to be used primarily for personal, family, or household purposes.

The term does not include an affiliate of the person.

(c) As used in this section, "personal information" includes any of  
the following:

(1) An individual's first and last names or first initial and last  
name.

(2) Any of the following data elements:

(A) A Social Security number.

(B) A driver's license number.

(C) A state identification card number.

(D) A credit card number.

(E) A financial account number or debit card number.

(3) With respect to an individual, any of the following:

(A) Address.

(B) Telephone number.

(C) Information concerning the individual's:

(i) income or other compensation;

(ii) credit history;

(iii) credit score;

(iv) assets;

(v) liabilities; or

(vi) employment history.

(d) As used in this section, personal information is "encrypted" if  
the personal information:

(1) has been transformed through the use of an algorithmic



process into a form in which there is a low probability of  
 assigning meaning without use of a confidential process or key;  
 or

(2) is secured by another method that renders the personal  
 information unreadable or unusable.

(e) As used in this section, personal information is "redacted" if the  
 personal information has been altered or truncated so that not more  
 than the last four (4) digits of:

- (1) a Social Security number;
- (2) a driver's license number;
- (3) a state identification number; or
- (4) an account number;

are accessible as part of the personal information.

(f) As used in this section, "personal records" means any records  
 that:

(1) are maintained, whether as a paper record or in an electronic  
 or a computerized form, by a person to whom this section applies;  
 and

(2) contain the unencrypted, unredacted personal information of  
 one (1) or more customers or potential customers.

(g) A person to whom this section applies shall keep and handle  
 personal records in a manner that:

- (1) reasonably safeguards the personal records from destruction,  
 theft, or other loss; and
- (2) protects the personal records from misuse.

(h) If a breach of the security of any personal records occurs, the  
 person maintaining the records is subject to the disclosure requirements  
 under IC 24-4.9-3, unless the person is exempt from the disclosure  
 requirements under IC 24-4.9-3-4.

(i) A person to whom this section applies may not dispose of  
 personal records without first:

- (1) shredding, incinerating, or mutilating the personal records; or
- (2) erasing or otherwise rendering illegible or unusable the  
 personal information contained in the records.

(j) If a person to whom this section applies ceases doing business,  
 the person shall, as part of the winding up of the business, safeguard  
 any personal records maintained by the person in accordance with this  
 section until such time as the person is entitled or required to destroy  
 the records under:

- (1) applicable law; or
- (2) the person's own records maintenance policies.

(k) A person to whom this section applies shall provide at the



1 person's cost any records that the director considers relevant or material  
 2 to an examination, investigation, or other matter under consideration  
 3 by the department.

4 SECTION 57. IC 28-1-3.1-2, AS AMENDED BY P.L.176-2019,  
 5 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2026]: Sec. 2. (a) The department may take possession of the  
 7 business and property of any financial institution except a creditor  
 8 licensed to make supervised or regulated loans under ~~IC 24-4.5,~~  
 9 **IC 37-2**, whenever it appears to the department that the financial  
 10 institution:

- 11 (1) is insolvent or in imminent danger of insolvency;
- 12 (2) is in an unsafe or unsound condition;
- 13 (3) has refused to pay its deposits or obligations in accordance
- 14 with the terms under which those deposits or obligations were
- 15 incurred;
- 16 (4) has refused to submit its records and affairs for inspection or
- 17 examination by the department or federal authorities;
- 18 (5) has violated any court order, statute, rule, or regulation of the
- 19 department or its articles of incorporation and that continued
- 20 control of its own affairs threatens injury to the public, the
- 21 financial community, its depositors, or other creditors;
- 22 (6) requests through its board of directors that the department take
- 23 possession for the benefit of depositors, other creditors,
- 24 shareholders, or other persons;
- 25 (7) has an impairment of its capital (the capital of a bank or trust
- 26 company shall, for the purpose of this subdivision, be considered
- 27 to be unimpaired so long as the sound value of its assets over and
- 28 above its liabilities, exclusive of liabilities for capital notes,
- 29 debentures, and capital stock, as determined by the department,
- 30 equals or exceeds the minimum capital or capital stock required
- 31 by the department for a bank or trust company);
- 32 (8) has neglected or refused, for a period of thirty (30) days, to
- 33 comply with the terms of a duly issued order of the department,
- 34 essential to preserve the solvency of the financial institution;
- 35 (9) has failed to pay the fees charged by the department under
- 36 IC 28-11-3-5 after due notice of the amount of the fee has been
- 37 given;
- 38 (10) has breached a fiduciary duty under IC 30-4-3-6; or
- 39 (11) has violated IC 30-4-3-7 in a way that has caused or may
- 40 cause harm to fiduciary accounts.

41 (b) When the department makes a determination to take possession  
 42 of the business and property of a financial institution under subsection



(a), the department shall:

(1) make a finding to that effect and enter that finding on the records of the proceedings of the department; and

(2) cause a certified copy of the finding to be served on the president or other executive officer actively in charge of the financial institution and demand possession of the business, property, and records of the financial institution from the officer. The financial institution shall immediately surrender the possession to the department.

(c) The department or its receiver is not required to become the owner of any property to fulfill the liquidation requirements of this chapter.

SECTION 58. IC 28-2-17-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) An out-of-state state bank that establishes and maintains one (1) or more branches in Indiana under this chapter may conduct at the branch or branches only those activities that are expressly authorized under the laws of Indiana for Indiana state banks.

(b) An Indiana state bank may conduct any activities at any branch located outside Indiana that are permissible for a bank organized or reorganized by the host state in which the branch is located. However, if Indiana law specifically prohibits an activity that is permitted by the host state, the department may by order waive the prohibition if the department determines that the involvement of out-of-state branches of Indiana state banks in the particular activities conducted in the host state would not threaten the safety or soundness of banks. This section does not authorize a bank located in Indiana to engage in an activity in Indiana that has been waived under this provision.

(c) An out-of-state bank that has acquired a branch in Indiana under this chapter may establish or acquire additional branches in Indiana to the same extent that any Indiana bank may establish or acquire a branch in Indiana under applicable federal and Indiana law.

(d) With the prior approval of the department, an Indiana state bank that has acquired a branch or branches in a state other than Indiana through an interstate merger transaction may establish or acquire additional branches in the host state to the same extent that a host state state bank may establish or acquire a branch in the host state under the applicable host state law and federal law. An Indiana state bank desiring to establish one (1) or more branches under this section must file a written application with the director. The application must be in the form and must contain the information prescribed by the director. The department may approve or disapprove the application. Before the



department approves the application, the bank must demonstrate to the satisfaction of the department that:

- (1) the applicant state bank will have adequate capital, sound management, and adequate future earnings prospects after the establishment of the branch; and
- (2) the establishment of the proposed branch will not violate the laws of the host state.

(e) The investigation of the department relative to any application as required by this section shall be conducted without a public hearing.

(f) The branch or branches of an out-of-state bank that are established and maintained in Indiana under this chapter shall be subject to the provisions and fees of ~~IC 24-4.5~~ **IC 37-2** to the same extent as a bank located in Indiana.

SECTION 59. IC 28-2-18-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24. (a) An out-of-state state bank that establishes and maintains one (1) or more branches in Indiana under this chapter may conduct at the branch or branches only those activities that are expressly authorized under the laws of Indiana for Indiana state banks.

(b) An Indiana state bank may conduct any activities at any branch located outside Indiana that are permissible for a bank organized or reorganized by the host state in which the branch is located. However, if Indiana law specifically prohibits an activity that is permitted by the host state, the department may by order waive the prohibition if the department determines that the involvement of out-of-state branches of Indiana state banks in the particular activities conducted in the host state would not threaten the safety or soundness of banks. This section does not authorize a bank located in Indiana to engage in an activity in Indiana that has been waived under this provision.

(c) An out-of-state bank that has established or acquired a branch or branches in Indiana under this chapter may establish or acquire additional branches in Indiana to the same extent that any Indiana bank may establish or acquire a branch in Indiana under applicable federal and state law.

(d) The branch or branches of an out-of-state bank that are established and maintained in Indiana under this chapter shall be subject to the provisions and fees of ~~IC 24-4.5~~ **IC 37-2** to the same extent as a bank located in Indiana.

SECTION 60. IC 28-5-1-6, AS AMENDED BY P.L.217-2007, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) Every company may exercise all the powers conferred upon domestic corporations by IC 23-1 but only to the extent





that those powers may be necessary, convenient, or expedient to accomplish the purposes for which it is organized. Subject to the restrictions and limitations contained in this chapter, every company may exercise the following powers:

(1) To issue, negotiate, and sell its secured or unsecured certificates of investment or indebtedness, subject to subdivision (16), upon terms and conditions, in any form, and payable at times that are not inconsistent with this chapter and, subject to subsection (c), bearing a rate of interest approved by the department.

(2) To make, purchase, discount, or otherwise acquire extensions of credit under ~~IC 24-4.5~~; **IC 37-2**.

(3) To lend money without security or upon the security of comakers, personal endorsement, or the mortgage of real or personal property or the mortgage or pledge of bailment leases or rentals due and to become due thereunder and other choses in action, and to contract for interest, discount, fees, charges, or other consideration fixed or permitted by any laws of Indiana concerning interest, discount, or usury.

(4) To discount, purchase, or otherwise acquire notes, bills of exchange, acceptances, bailment leases, and the property covered thereby or the rentals due or to become due thereunder or other choses in action and, subject to such restrictions the department imposes, to become owner or lessor of personal or real property acquired upon the request and for the use of a customer, and to incur additional obligations incident to becoming an owner or lessor of the property. The liability of a lessee under the lease does not constitute an obligation (as defined in section 8 of this chapter).

(5) To purchase or construct buildings and hold legal title to them, to be leased for public purposes to municipal corporations or other public authorities having resources sufficient to make payment of all rentals as they become due. Each lease agreement shall provide that upon expiration, the lessee shall become owner of the building.

(6) To invest in bonds, notes, or certificates which are:

(A) the direct or indirect obligations of the United States or of the state;

(B) obligations of mutual funds or financial institutions if the obligations represent a participation in a fund invested in, or are secured by, direct or indirect obligations of the United States owned by the mutual fund or financial institution;



1 (C) the direct obligations of a civil or school county, township,  
 2 city, town, other taxing district, or municipality of Indiana;  
 3 (D) a special taxing district in Indiana;  
 4 (E) issued by or in the name of:  
 5 (i) the trustees of Indiana University;  
 6 (ii) the trustees of Purdue University;  
 7 (iii) the trustees of Ball State University;  
 8 (iv) the trustees of Indiana State University; or  
 9 (v) the Indiana finance authority;  
 10 (F) issued by or in the name of any municipality of Indiana and  
 11 payable from the revenues to be derived from the operation of  
 12 facilities for the production or distribution of water, electricity,  
 13 gas, or from the operation of sewage works; or  
 14 (G) the obligations of any Indiana toll road commission, public  
 15 library, or schoolhouse holding corporation first mortgage  
 16 bonds;  
 17 which district, municipality, taxing unit, or corporation is not then  
 18 in default in the payment of either principal or interest on any of  
 19 its funded obligations and has not so defaulted for a period of  
 20 more than six (6) months within the five (5) year period  
 21 immediately preceding the purchase of the securities.  
 22 (7) To invest in bonds, notes, or debentures rated in one (1) of the  
 23 first four (4) classifications established by one (1) or more  
 24 standard rating services specified by the department that satisfy  
 25 requirements of marketability prescribed periodically by the  
 26 department that are the obligations of a person, a firm, a limited  
 27 liability company, a corporation, a state, a territory, an insular  
 28 possession of the United States, or a county, township, town, city,  
 29 taxing district, or municipality thereof which is not then in default  
 30 in the payment of either principal or interest on any of its funded  
 31 obligations and has not so defaulted within the five (5) year  
 32 period immediately preceding the purchase of the securities and  
 33 other investment securities prescribed by the department by rule.  
 34 As used in this section, the term "investment securities" means  
 35 marketable obligations evidencing indebtedness of a person, firm,  
 36 limited liability company, or corporation in the form of bonds,  
 37 notes, or debentures commonly known as "investment securities"  
 38 and the definition of the term "investment securities" prescribed  
 39 by the department by rule. Except as is otherwise provided in this  
 40 chapter or otherwise permitted by law, nothing contained in this  
 41 subdivision authorizes the purchase by an industrial loan and  
 42 investment company of shares of stock or other securities, unless



1 the purchase is necessary to prevent loss under a debt previously  
 2 contracted in good faith and stocks or other securities so  
 3 purchased or acquired shall, within six (6) months from the time  
 4 of its purchase, be sold or disposed of at public or private sale,  
 5 unless otherwise ordered by the department.

6 (8) To invest in bonds or debentures issued under and by the  
 7 authority of the Federal Home Loan Bank Act (12 U.S.C. 1421  
 8 through 1429), or of the Home Owners' Loan Act (12 U.S.C. 1461  
 9 through 1468), or obligations issued by or for farm credit banks,  
 10 and banks for cooperatives under the Farm Credit Act of 1971 (12  
 11 U.S.C. 2001 through 2279aa-14).

12 (9) To invest in insured shares of an insured savings association  
 13 organized under the laws of Indiana, and in insured shares of an  
 14 insured federal savings association whose principal place of  
 15 business is located in Indiana; and in certificates of indebtedness  
 16 or investment of an industrial loan and investment company  
 17 organized under the laws of Indiana. However, not more than  
 18 twenty percent (20%) of the resources of the company may be  
 19 invested in the insured shares of any such association nor more  
 20 than ten percent (10%) of the company's capital and surplus in  
 21 such certificates of industrial loan and investment companies.

22 (10) To make loans and advances of credit and purchases of  
 23 obligations representing loans and advances of credit as are  
 24 eligible for insurance by the federal housing administrator, and to  
 25 obtain insurance from the administrator.

26 (11) To make loans secured by mortgage on real property or  
 27 leasehold if:

28 (A) the mortgage is insured by the federal housing  
 29 administrator; or

30 (B) the company makes a commitment to insure and to obtain  
 31 insurance from the administrator, if the mortgage is not  
 32 insured by the federal housing administrator.

33 (12) To purchase, invest in, and dispose of notes or bonds secured  
 34 by mortgage or trust deed insured by the federal housing  
 35 administrator or debentures issued by the federal housing  
 36 administrator, or bonds or other securities insured by national  
 37 mortgage associations.

38 (13) To discount, purchase, or otherwise acquire charge accounts,  
 39 and drafts and bills of exchange evidencing charge accounts and  
 40 to impose and collect monthly service charges and maintenance  
 41 charges on charge accounts, drafts, or bills of exchange which are  
 42 owned or acquired in amounts agreed upon between the company



1 and the obligor, or obligors, on charge accounts, drafts, and bills  
2 of exchange.

3 (14) To purchase or otherwise acquire property, real or personal,  
4 tangible or intangible, in which the company has a security  
5 interest to secure a debt owing to the company contracted in good  
6 faith or the purchase or acquisition of which property is  
7 considered expedient to prevent loss from a debt owing to the  
8 company contracted in good faith, and for such purpose to engage  
9 in any lawful business considered necessary or expedient by the  
10 company to preserve, protect, or make saleable the property.  
11 Property thus purchased or acquired shall be sold and disposed of  
12 within two (2) years, or a longer period permitted by the  
13 department, after the purchase or acquisition.

14 (15) To act as trustee of a trust created in the United States and  
15 forming part of a stock bonus, pension, or profit sharing plan that  
16 is qualified for tax treatment under Section 401(d) of the Internal  
17 Revenue Code, and to act as trustee or custodian of an individual  
18 retirement account within the meaning of Section 408 of the  
19 Internal Revenue Code, if the funds of that trust or account are  
20 only invested in certificates of investment or indebtedness of the  
21 company or in obligations or securities issued by that company.  
22 All funds held under this subdivision in a fiduciary capacity may  
23 be commingled by the company for appropriate investment  
24 purposes. However, individual records shall be kept by the  
25 fiduciary for each participant and shall show in proper detail all  
26 transactions engaged in under the authority of this subdivision.

27 (16) To do anything necessary and appropriate to obtain or  
28 maintain federal deposit insurance under the Federal Deposit  
29 Insurance Corporation Act (12 U.S.C. 1811 through 1833e) or  
30 insurance under any other federal or Indiana law providing  
31 insurance for certificates of investment or indebtedness issued by  
32 a company. A company that obtains and maintains federal deposit  
33 insurance is not required to obtain approval from the department  
34 concerning the rate of interest payable on, or the form, the terms,  
35 or the conditions of the certificates of investment or indebtedness,  
36 and the company may exercise all of the powers that are conferred  
37 upon institutions maintaining federal deposit insurance that are  
38 not in conflict with Indiana law.

39 (17) To become a member of a federal home loan bank and  
40 acquire, own, pledge, sell, assign, or otherwise dispose of shares  
41 of the capital stock of a federal home loan bank.

42 (18) To borrow money and procure advances from a federal home



loan bank and to transfer, assign to, and pledge with the federal home loan bank any of the bonds, notes, contracts, mortgages, securities, or other property of the company held or acquired as security for the payment of the loans and advances.

(19) To possess and exercise all rights, powers, and privileges conferred upon and do and perform all acts and things required of members or shareholders of a federal home loan bank, or by the provisions of 12 U.S.C. 1421 through 1449.

(20) Subject to section 6.3 of this chapter, to exercise the rights and privileges (as defined in section 6.3(a) of this chapter) that are or may be granted to national banks domiciled in Indiana.

(b) No law of this state prescribing the nature, amount, or form of security or requiring security upon which loans or advances of credit may be made, or prescribing or limiting interest rates upon loans or advances of credit, or prescribing or limiting the period for which loans or advances of credit may be made, applies to loans, advances of credit, or purchases made pursuant to subsection (a)(10), (a)(11), or (a)(12).

(c) If any national or state chartered bank or savings association is not limited by law with regard to the rate of interest payable on any type or category of checking account, savings account, or deposit, certificate of deposit, membership share, or other account, then industrial loan and investment companies are similarly not limited with regard to the interest payable on certificates of investment or indebtedness.

SECTION 61. IC 28-7-1-17, AS AMENDED BY P.L.54-2021, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) Every loan application shall be submitted on a form approved by the credit union. Loans may be disbursed upon written approval by a majority of the credit committee or a loan officer. If the credit committee or loan officer fails to approve an application for a loan, the applicant may appeal to the board of directors, if such appeal is authorized by the bylaws.

(b) Loans to members may be made only under the following terms and conditions:

(1) All loans shall be evidenced by notes signed by the borrowing member.

(2) Except as otherwise provided in this section, the terms of any loan to a member with a maturity of more than six (6) months shall provide for principal and interest payments that will amortize the obligation in full within the terms of the loan contract. If the income of the borrowing member is seasonal, the terms of the loan contract may provide for seasonal amortization.



(3) Loans may be made upon the security of improved or unimproved real estate. Except as otherwise specified in this section, such loans must be secured by a first lien upon real estate prior to all other liens, except for taxes and assessments not delinquent, and may be made with repayment terms other than as provided in subdivision (2). The credit union loan folder for all real estate mortgage loans shall include the following:

(A) The loan application.

(B) The mortgage instrument.

(C) The note.

(D) The disclosure statement.

(E) The documentation of property insurance.

(F) For the real estate for which the loan is made:

(i) a written appraisal; or

(ii) a written estimate of market value;

consistent with the appraisal standards and transaction value limitations set forth in the appraisal regulations of the National Credit Union Administration (12 CFR 722).

(4) Subject to the limitations of subdivision (3), variable rate mortgage loans and rollover mortgage loans may be made under the same limitations and rights provided state chartered savings associations under IC 28-1-21.5 (before its repeal) or IC 28-15 or federal credit unions.

(5) As used in this subdivision, "originating lender" means the participating lender with which the member contracts. A credit union may participate with other state and federal depository financial institutions (as defined in IC 28-1-1-6) or credit union service organizations in making loans to credit union members and may sell a participating interest in any of its loans under written participation loan policies established by the board of directors. However, the credit union may not sell more than ninety percent (90%) of the principal of participating loans outstanding at the time of sale. A participating credit union that is not the originating lender may participate only in loans made to the credit union's own members or to members of another participating state or federal credit union. A master participation agreement must be properly executed. The agreement must include provisions for identifying, either through documents incorporated by reference or directly in the agreement, the participation loan or loans before the sale of the loans.

(6) As an alternative to making any loan authorized by and under the conditions set forth in subdivisions (1) through (5), a credit



union may make any of the following:

(A) Any loan that may be made by a federal credit union.

However, ~~IC 24-4.5~~ **IC 37-2** applies to any loan that is:

(i) made under this clause; and

(ii) within the scope of ~~IC 24-4.5~~ **IC 37-2**.

Any provision of federal law that is in conflict with ~~IC 24-4.5~~ **IC 37-2** does not apply to a loan made under this clause.

(B) Subject to subdivision (3), any alternative mortgage loan (as defined in IC 28-15-11-2) that may be made by a savings association (as defined in IC 28-15-1-11) under IC 28-15-11.

A loan made under this clause by a credit union is subject to the same terms, conditions, exceptions, and limitations that apply to an alternative mortgage loan made by a savings association under IC 28-15-11.

(7) A credit union may make a loan under either:

(A) subdivisions (2) through (5); or

(B) subdivision (6);

but not both. A credit union shall make an initial determination as to whether to make a loan under subdivisions (2) through (5) or under subdivision (6). If the credit union determines that a loan or category of loans is to be made under subdivision (6), the written loan policies of the credit union must include that determination. A credit union may not combine the terms and conditions that apply to a loan made under subdivisions (2) through (5) with the terms and conditions that apply to a loan made under subdivision (6) to make a loan not expressly described and authorized either under subdivisions (2) through (5) or under subdivision (6).

(c) Nothing in this section prevents any credit union from taking an indemnifying or second mortgage on real estate as additional security.

SECTION 62. IC 28-7-5-21, AS AMENDED BY P.L.159-2017, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 21. (a) The pawnbroker shall, at the time of making a loan, deliver to the pledger or the pledger's agent a memorandum or ticket on which shall be legibly written or printed the following information:

(1) The name of the pledger.

(2) The name of the pawnbroker and the place where the pledge is made.

(3) The article or articles pledged, and a description of the articles. However, if multiple articles of a similar nature that do not contain an identification or serial number (such as precious metals, gemstones, musical recordings, video recordings, books,



or hand tools) are delivered together in one (1) transaction, the description of the articles is adequate if the description contains the quantity of the articles delivered and a physical description of the type of articles delivered, including any other unique identifying marks, numbers, names, letters, or special features.

(4) The amount of the loan.

(5) The date of the transaction.

(6) The serial number of the loan.

(7) The sum of the interest as provided in section 28 of this chapter and the charge as provided in section 28.5 of this chapter stated as an annual percentage rate computed in accordance with the Consumer Credit Protection Act (as defined in ~~IC 24-4.5-1-302~~) **IC 37-2-2-11**) and with regulations adopted under that act.

(8) The amount of interest.

(9) The amount of charge and principal due at maturity.

(10) A copy of sections 28, 28.5, and 30 of this chapter.

(11) The date of birth of the pledger.

(12) The type of government issued identification used to verify the identity of the pledger, together with the name of the governmental agency that issued the identification, and the identification number present on the government issued identification.

(13) The last date on which the pledged article or articles may be redeemed before the article or articles may be sold if the loan is not redeemed, renewed, or extended. The language setting forth the information described in this subdivision must be in 14 point boldface type.

(14) A statement that:

(A) notifies the pledger that the pawnbroking transaction is regulated by the department; and

(B) includes a toll free telephone number for the department.

(b) A pawnbroker may insert in such ticket any other terms and conditions not inconsistent with this chapter. However, nothing appearing on a pawn ticket shall relieve the pawnbroker of the obligations to exercise reasonable care in the safekeeping of articles pledged with the pawnbroker.

SECTION 63. IC 28-7-5-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 28. (a) The maximum rate of interest charged by pawnbrokers shall be the same as the maximum loan finance charge for supervised lenders under ~~IC 24-4.5-3-508(2)~~ **IC 37-2-4-35(b)**. For purposes of this subsection:





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

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

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

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

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

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

SECTION 64. IC 28-8-6-201, AS ADDED BY P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 201. The following definitions apply throughout this chapter:

(1) "Consumer" means an individual who:

(A) resides in Indiana, as may be determined by a provider on the basis of the:

(i) mailing address; or

(ii) state of residence;

provided by the individual; or

(B) requests proceeds in Indiana, as may be determined by a provider by using any legal, readily available commercial means to determine the location from which the individual requests proceeds.

(2) "Consumer directed wage access services" means the business by a provider of delivering to a consumer access to earned but unpaid income based on:

(A) the consumer's representations of; and

(B) the provider's reasonable determination of;

the consumer's earned but unpaid income.

(3) "Control" means any of the following:

(A) The power to vote, directly or indirectly, at least twenty-five percent (25%) of the outstanding voting shares or voting interests of a licensee or of a person in control of a



- 1 licensee.
- 2 (B) The power to elect or appoint a majority of key individuals
- 3 or executive officers, managers, directors, trustees, or other
- 4 persons exercising managerial authority of a person in control
- 5 of a licensee.
- 6 (C) The power to exercise, directly or indirectly, a controlling
- 7 influence over the management or policies of a licensee or of
- 8 a person in control of a licensee. For purposes of this clause,
- 9 a person is presumed to exercise a controlling influence if the
- 10 person holds the power to vote, directly or indirectly, at least
- 11 ten percent (10%) of the outstanding voting shares or voting
- 12 interests of a licensee or of a person in control of a licensee,
- 13 subject to the person's right to rebut the presumption if the
- 14 person is a passive investor.
- 15 For purposes of this subdivision, the percentage of a person
- 16 controlled by any other person is determined by aggregating the
- 17 other person's interest with the interest of any other immediate
- 18 family member of that person, including the person's spouse,
- 19 parents, children, siblings, mothers-in-law and fathers-in-law,
- 20 sons-in-law and daughters-in-law, and any other person who
- 21 shares the person's home.
- 22 (4) "Department" refers to the members of the department of
- 23 financial institutions.
- 24 (5) "Director" refers to the director of the department appointed
- 25 under IC 28-11-2-1.
- 26 (6) "Earned but unpaid income", with respect to a consumer,
- 27 means salary, wages, compensation, or other income that:
- 28 (A) the consumer represents, and a provider reasonably
- 29 determines, has been earned by, or has accrued to the benefit
- 30 of, the consumer in exchange for the consumer's provision of
- 31 services to an employer or on behalf of an employer, including
- 32 the provision of services by the consumer:
- 33 (i) on an hourly, project based, piecework, or other basis;
- 34 and
- 35 (ii) regardless of whether the consumer is an employee of
- 36 the employer or acts as an independent contractor with
- 37 respect to the employer; but
- 38 (B) has not, at the time of payment of proceeds to the
- 39 consumer by the provider, been paid to the consumer by the
- 40 employer.
- 41 (7) "Earned wage access services" includes the following:
- 42 (A) Consumer directed wage access services.



- 1 (B) Employer integrated wage access services.  
 2 The term does not include a small loan.  
 3 (8) "Employer" means a person that employs a consumer or that  
 4 is contractually obligated to pay a consumer earned but unpaid  
 5 income. The term does not include:  
 6 (A) a customer of the person; or  
 7 (B) any other person whose obligation to make a payment of  
 8 salary, wages, compensation, or other income to a consumer is  
 9 not based on the provision of services by the consumer for or  
 10 on behalf of that person.  
 11 (9) "Employer integrated wage access services" means the  
 12 business by a provider of delivering to a consumer access to  
 13 earned but unpaid income on the basis of:  
 14 (A) employment;  
 15 (B) income; or  
 16 (C) attendance;  
 17 data obtained directly or indirectly from an employer.  
 18 (10) "Federally insured depository financial institution" means:  
 19 (A) a bank;  
 20 (B) a credit union;  
 21 (C) a savings and loan association;  
 22 (D) a trust company;  
 23 (E) a corporate fiduciary;  
 24 (F) a savings association;  
 25 (G) a savings bank;  
 26 (H) an industrial bank; or  
 27 (I) an industrial loan company;  
 28 that is organized under the law of the United States or any state of  
 29 the United States and that has federally or privately insured  
 30 deposits as permitted by state or federal law.  
 31 (11) "Fee" includes the following, however denominated:  
 32 (A) An amount charged by a provider for:  
 33 (i) expedited delivery; or  
 34 (ii) other delivery;  
 35 of proceeds to a consumer.  
 36 (B) A subscription or membership fee imposed by a provider  
 37 for a bona fide group of services that include earned wage  
 38 access services.  
 39 (C) An amount that:  
 40 (i) is paid by an employer to a provider on a consumer's  
 41 behalf; and  
 42 (ii) entitles the consumer to receive proceeds at reduced or



- 1 no cost to the consumer.
- 2 The term does not include a voluntary tip, gratuity, or donation
- 3 paid to a provider.
- 4 (12) "Individual" means a natural person.
- 5 (13) "Key individual" means an individual ultimately responsible
- 6 for establishing or directing policies and procedures of a licensee,
- 7 such as an executive officer, manager, director, or trustee.
- 8 (14) "Licensee" means a person licensed under this chapter.
- 9 (15) "NMLSR" means the Nationwide Multistate Licensing
- 10 System and Registry:
- 11 (A) developed by the Conference of State Bank Supervisors
- 12 and the American Association of Residential Mortgage
- 13 Regulators; and
- 14 (B) owned and operated by the State Regulatory Registry,
- 15 LLC, or by any successor or affiliated entity;
- 16 for the licensing and registry of persons in financial services
- 17 industries.
- 18 (16) "Outstanding proceeds" means proceeds that:
- 19 (A) have been paid to a consumer by a provider; and
- 20 (B) have not yet been repaid to the provider.
- 21 (17) "Passive investor" means a person that:
- 22 (A) does not have the power to elect a majority of key
- 23 individuals or executive officers, managers, directors, trustees,
- 24 or other persons exercising managerial authority over a person
- 25 in control of a licensee;
- 26 (B) is not employed by and does not have any managerial
- 27 duties with respect to the licensee or a person in control of the
- 28 licensee;
- 29 (C) does not have the power to exercise, directly or indirectly,
- 30 a controlling influence over the management or policies of the
- 31 licensee or a person in control of the licensee; and
- 32 (D) either:
- 33 (i) attests to as facts the characteristics of passivity set forth
- 34 in clauses (A) through (C), in a form and by a medium
- 35 prescribed by the director; or
- 36 (ii) commits to the characteristics of passivity set forth in
- 37 clauses (A) through (C) in a written document.
- 38 (18) "Person" means any individual, general partnership, limited
- 39 partnership, limited liability company, corporation, trust,
- 40 association, joint stock corporation, or other corporate entity, as
- 41 so identified by the director.
- 42 (19) "Proceeds" means a payment that:



- 1 (A) is made to a consumer by a provider; and  
 2 (B) is based on earned but unpaid income.  
 3 (20) "Provider" means a person in the business of offering and  
 4 providing earned wage access services to consumers. The term  
 5 does not include the following:  
 6 (A) A service provider that is not contractually obligated to  
 7 fund proceeds delivered as part of the earned wage access  
 8 services, such as a payroll service provider that verifies a  
 9 consumer's available earnings.  
 10 (B) An employer that offers a portion of salary, wages,  
 11 compensation, or other income directly to its employees or  
 12 independent contractors before the normally scheduled pay  
 13 date.  
 14 (C) An entity that offers or provides earned wage access  
 15 services and reports a consumer's payment or nonpayment of  
 16 either outstanding proceeds of the earned wage access services  
 17 or fees, voluntary tips, gratuities, or other donations in  
 18 connection with the earned wage access services to a  
 19 consumer reporting agency (as defined in the Federal Fair  
 20 Credit Reporting Act (15 U.S.C. 1681 et seq.)).  
 21 (21) "Small loan" has the meaning set forth in ~~IC 24-4.5-7-104.~~  
 22 **IC 37-3-2-10.**  
 23 SECTION 65. IC 28-8-6-503, AS ADDED BY P.L.222-2025,  
 24 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2026]: Sec. 503. (a) The department shall receive and act on  
 26 all applications for licenses to offer or provide earned wage access  
 27 services. Applications must be made as prescribed by the director. If,  
 28 at any time, the information or record contained in:  
 29 (1) an application filed under this section; or  
 30 (2) a renewal application filed under section 506 of this chapter;  
 31 is or becomes inaccurate or incomplete in a material respect, the  
 32 applicant shall promptly file a correcting amendment with the  
 33 department.  
 34 (b) A license may not be issued unless the department finds that the  
 35 professional training and experience, financial responsibility, character,  
 36 and fitness of:  
 37 (1) the applicant;  
 38 (2) each executive officer, director, or manager of the applicant,  
 39 or any other individual having a similar status or performing a  
 40 similar function for the applicant; and  
 41 (3) if known, each person directly or indirectly owning of record  
 42 or owning beneficially at least ten percent (10%) of the



1           outstanding shares of any class of equity security of the applicant;  
 2           are such as to warrant belief that the business will be operated honestly  
 3           and fairly.

4           (c) The director is entitled to request evidence of compliance with  
 5           this section at:

- 6               (1) the time of application;
- 7               (2) the time of renewal of a license; or
- 8               (3) any other time considered necessary by the director.

9           (d) Evidence of compliance with this section must include:

- 10               (1) criminal background checks, as described in section 504 of  
 11               this chapter, including a national criminal history background  
 12               check (as defined in IC 10-13-3-12) by the Federal Bureau of  
 13               Investigation, for any individual described in subsection (b);
- 14               (2) credit histories as described in section 504 of this chapter;
- 15               (3) surety bond requirements as described in section 505 of this  
 16               chapter;
- 17               (4) a review of licensure actions in Indiana and in other states;  
 18               and
- 19               (5) other background checks considered necessary by the director.

20           (e) For purposes of this section and in order to reduce the points of  
 21           contact that the director has to maintain under this section, the director  
 22           may use the NMLSR as a channeling agent for requesting and  
 23           distributing information to and from any source as directed by the  
 24           director.

25           (f) The department may deny an application under this section if the  
 26           director of the department determines that the application was  
 27           submitted for the benefit of, or on behalf of, a person who does not  
 28           qualify for a license.

29           (g) Upon written request, an applicant is entitled to a hearing, in the  
 30           manner provided in IC 4-21.5, on the question of the qualifications of  
 31           the applicant for a license.

32           (h) An applicant shall pay the following fees at the time designated  
 33           by the department:

- 34               (1) An initial license fee as established by the department under  
 35               IC 28-11-3-5, which shall not exceed two thousand five hundred  
 36               dollars (\$2,500). Until the department establishes an initial  
 37               license fee under IC 28-11-3-5, the initial license fee shall be one  
 38               thousand five hundred dollars (\$1,500).
- 39               (2) Examination fees as established by the department under  
 40               IC 28-11-3-5, which shall not exceed one hundred dollars (\$100)  
 41               per hour. Until the department establishes an examination fee  
 42               schedule under IC 28-11-3-5 that is applicable to an applicant



under this chapter, the examination fee schedule shall be the fee schedule applicable to persons licensed under ~~IC 24-4.5-7~~.  
**IC 37-3.**

(3) An annual renewal fee as established by the department under IC 28-11-3-5, which shall not exceed two thousand five hundred dollars (\$2,500). Until the department establishes an annual renewal fee under IC 28-11-3-5, the annual renewal fee shall be one thousand five hundred dollars (\$1,500).

(i) A fee as established by the department under IC 28-11-3-5 may be charged for each day a fee under subsection (h)(2) or (h)(3) is delinquent. The fee described in this subsection shall not exceed fifty dollars (\$50) per day.

(j) Except in a transaction approved under section 601 of this chapter, a license issued under this section is not assignable or transferable.

(k) If the department of state revenue notifies the department that a person is on the most recent tax warrant list, the department shall not issue or renew the person's license until:

- (1) the person provides to the department a statement from the department of state revenue that the person's tax warrant has been satisfied; or
- (2) the department receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

SECTION 66. IC 28-8-6-801, AS ADDED BY P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 801. A provider required to be licensed under this chapter shall do the following:

- (1) Develop and implement policies and procedures to:
  - (A) respond to questions raised by consumers; and
  - (B) address complaints from consumers;
 in an expedient manner.
- (2) Whenever the provider offers a consumer the option to receive proceeds for a fee or solicits a tip, gratuity, or other donation:
  - (A) offer that consumer at least one (1) reasonable option to obtain proceeds at no cost;
  - (B) clearly explain to the consumer how to elect each no cost option offered;
  - (C) ensure that any no cost option offered is clearly displayed and is in the same:
    - (i) color;
    - (ii) font;
    - (iii) font size; and



- 1 (iv) general location;
- 2 as any option to obtain proceeds that has a fee associated with
- 3 it;
- 4 (D) ensure that any option to obtain proceeds that has a fee
- 5 associated with the delivery of the proceeds is not the default
- 6 option;
- 7 (E) ensure that if a consumer elects to not pay a tip, gratuity,
- 8 or other donation, any fee amount charged to the consumer as
- 9 part of an earned wage access services transaction is not
- 10 increased because of the consumer's decision to not pay a tip,
- 11 gratuity, or other donation; and
- 12 (F) ensure that, if a consumer elects a no cost option, initiate
- 13 the delivery of the proceeds to the consumer not later than one
- 14 (1) business day after the consumer initiates an earned wage
- 15 access services transaction with the provider.
- 16 (3) Before entering into an agreement with a consumer to provide
- 17 earned wage access services, do both of the following:
- 18 (A) Inform the consumer of the consumer's rights under the
- 19 agreement.
- 20 (B) Fully and clearly disclose all fees associated with the
- 21 earned wage access services to be provided.
- 22 (4) Inform the consumer of the fact of or obtain the consent of the
- 23 consumer to any material changes to the terms and conditions of
- 24 the earned wage access services before implementing those
- 25 changes for that consumer.
- 26 (5) Allow the consumer to cancel use of the provider's earned
- 27 wage access services:
- 28 (A) at any time; and
- 29 (B) without incurring a cancellation fee imposed by the
- 30 provider.
- 31 (6) Comply with all applicable local, state, and federal privacy
- 32 and information security laws.
- 33 (7) If the provider solicits, charges, or receives a tip, gratuity, or
- 34 other donation from a consumer:
- 35 (A) clearly and conspicuously disclose to the consumer
- 36 immediately before each transaction that a tip, gratuity, or
- 37 other donation:
- 38 (i) is voluntary; and
- 39 (ii) may be in the amount of zero dollars (\$0); and
- 40 (B) clearly and conspicuously disclose in the provider's service
- 41 contract with the consumer that tips, gratuities, or other
- 42 donations are voluntary and that the offering of earned wage





- 1 access services, including:
- 2 (i) the amount of proceeds that a consumer is eligible to
- 3 request;
- 4 (ii) the frequency with which proceeds are provided to a
- 5 consumer; and
- 6 (iii) the level or cost of any service provided to the consumer
- 7 in connection with an earned wage access services
- 8 transaction;
- 9 is not contingent on whether the consumer pays any tip,
- 10 gratuity, or other donation, or on the amount of the tip,
- 11 gratuity, or other donation.
- 12 (8) Provide proceeds to a consumer by any means mutually
- 13 agreed upon by the provider and the consumer.
- 14 (9) If the provider seeks repayment of outstanding proceeds or the
- 15 payment of fees or other amounts owed (including voluntary tips,
- 16 gratuities, or other donations) in connection with earned wage
- 17 access services provided under this chapter from a consumer's
- 18 deposit account, including by means of electronic funds transfer,
- 19 the provider must do the following:
- 20 (A) Comply with applicable provisions of the federal
- 21 Electronic Funds Transfer Act (15 U.S.C. 1693 et seq.).
- 22 (B) Reimburse the consumer for the full amount of any
- 23 overdraft or nonsufficient funds fees that are imposed on the
- 24 consumer by the consumer's depository financial institution if
- 25 the overdraft or nonsufficient funds fees resulted from the
- 26 provider's attempt to seek payment of any outstanding
- 27 proceeds, fees, or other amounts (including voluntary tips,
- 28 gratuities, or other donations) under this chapter:
- 29 (i) on a date before; or
- 30 (ii) in an incorrect amount from;
- 31 the date or amount disclosed to the consumer. However, a
- 32 provider is not subject to the requirements of this clause with
- 33 respect to the payment of any outstanding proceeds, fees, or
- 34 other amounts incurred by a consumer through fraudulent or
- 35 other unlawful means.
- 36 (10) Ensure that the provider's software application does not do
- 37 any of the following:
- 38 (A) Subject a user of the software application to unsolicited
- 39 electronic mail advertisements or surveys, if the user has
- 40 elected to not receive electronic mail advertisements or
- 41 surveys, as required by 15 U.S.C. 7701-7713.
- 42 (B) Subject a user of the software application to unsolicited



- 1 electronic advertisements or surveys, based on the individual
- 2 user's:
- 3 (i) use of the provider's software application;
- 4 (ii) location; or
- 5 (iii) behavior;
- 6 if the user has elected to not receive the electronic
- 7 advertisements or surveys.
- 8 (C) Display an unsolicited electronic notification to a user of
- 9 the software application unless the user has elected to receive
- 10 electronic notifications.
- 11 (D) Access a user's location, except for purposes of verifying
- 12 that a user is located in Indiana at the time the user creates an
- 13 account with the provider, unless the user has authorized the
- 14 provider's software application to access the user's location.
- 15 (11) Ensure that any data that the provider receives under
- 16 subdivision (10) is not sold or shared, except as follows:
- 17 (A) In connection with a law enforcement investigation or
- 18 legal proceeding.
- 19 (B) As necessary to provide earned wage access services to the
- 20 user.
- 21 (C) The user authorizes the provider to sell or share the data.
- 22 (12) Sell consumer data to a lender (as defined in
- 23 ~~IC 24-4.5-7-111~~) **IC 37-3-2-5**) licensed under ~~IC 24-4.5-7-~~
- 24 **IC 37-3.**
- 25 (13) Share consumer data with a lender (as defined in
- 26 ~~IC 24-4.5-7-111~~) **IC 37-3-2-5**) licensed under ~~IC 24-4.5-7-~~
- 27 **IC 37-3.**
- 28 SECTION 67. IC 28-8-6-802, AS ADDED BY P.L.222-2025,
- 29 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 JULY 1, 2026]: Sec. 802. A provider required to be licensed under this
- 31 chapter shall not do any of the following:
- 32 (1) Share with an employer a portion of any:
- 33 (A) fees; or
- 34 (B) voluntary tips, gratuities, or other donations;
- 35 received from or charged to a consumer for earned wage access
- 36 services.
- 37 (2) Use a consumer's credit score from a consumer report (as
- 38 defined in IC 24-5-24-2) to determine:
- 39 (A) a consumer's eligibility for earned wage access services;
- 40 (B) the amount of proceeds that a consumer is eligible to
- 41 request or receive in an earned wage access services
- 42 transaction; or



- 1 (C) the frequency with which proceeds may be provided to a  
 2 consumer through earned wage access services transactions.  
 3 (3) Accept payment of outstanding proceeds, fees, or voluntary  
 4 tips, gratuities, or other donations by means of a credit card (as  
 5 defined in IC 24-5-27.5-3).  
 6 (4) Charge or collect a late fee, a deferral fee, interest, or any  
 7 other charge or penalty for a consumer's failure to pay outstanding  
 8 proceeds, fees, or voluntary tips, gratuities, or other donations.  
 9 (5) Compel or attempt to compel a consumer to pay to the  
 10 provider any outstanding proceeds, fees, or voluntary tips,  
 11 gratuities, or other donations through any of the following means:  
 12 (A) The use of unsolicited outbound telephone calls to the  
 13 consumer.  
 14 (B) A suit against the consumer in a court of competent  
 15 jurisdiction.  
 16 (C) The use of a third party to pursue collection from the  
 17 consumer on the provider's behalf.  
 18 (D) The sale of outstanding amounts to a third party collector  
 19 or debt buyer for collection from the consumer.  
 20 However, this subdivision does not preclude a provider from  
 21 using any of the means set forth in clauses (A) through (D) to  
 22 pursue payment of outstanding amounts incurred by a consumer  
 23 through fraudulent or other unlawful means, or from pursuing any  
 24 available remedies against an employer for breach of the  
 25 employer's contractual obligations to the provider.  
 26 (6) If the provider solicits, charges, or receives a tip, gratuity, or  
 27 other donation from a consumer:  
 28 (A) mislead or deceive consumers about the voluntary nature  
 29 of the tips, gratuities, or donations;  
 30 (B) represent that tips, gratuities, or donations will benefit any  
 31 specific individuals; or  
 32 (C) suggest a default tip, gratuity, or other donation amount  
 33 greater than zero dollars (\$0).  
 34 (7) If the provider also offers small loans to consumers under  
 35 ~~IC 24-4.5-7~~ **IC 37-3**:  
 36 (A) provide proceeds to a consumer who has a small loan  
 37 outstanding from that provider, as verified by the provider in  
 38 accordance with ~~IC 24-4.5-7-404(4)~~ **IC 37-3-3-8(d)**; or  
 39 (B) make a small loan to a consumer who has outstanding  
 40 proceeds from that provider.  
 41 SECTION 68. IC 28-11-1-3, AS AMENDED BY P.L.222-2025,  
 42 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2026]: Sec. 3. (a) The ultimate authority for and the powers, duties, management, and control of the department are vested in the following seven (7) members:

(1) The director of the department, who serves as an ex officio, voting member.

(2) The following six (6) members appointed by the governor as follows:

(A) Three (3) members must have practical experience at the executive level of a:

- (i) state chartered bank;
- (ii) state chartered savings association; or
- (iii) state chartered savings bank.

(B) One (1) member must have practical experience at the executive level as a:

- (i) lender licensed under ~~IC 24-4.5~~; **IC 37-2**;
- (ii) mortgage lender licensed under ~~IC 24-4.4~~; **IC 37-1**;
- (iii) registrant under IC 24-7;
- (iv) licensee under IC 28-1-29;
- (v) licensee under IC 28-7-5;
- (vi) licensee under IC 28-8-4.1;
- (vii) licensee under IC 28-8-5; or
- (viii) licensee under IC 28-8-6.

(C) One (1) member must have practical experience at the executive level of a state chartered credit union.

(D) One (1) member must be appointed with due regard for the consumer, agricultural, industrial, and commercial interests of Indiana.

(b) Not more than three (3) members appointed by the governor under subsection (a)(2) after June 30, 2006, may be affiliated with the same political party.

SECTION 69. IC 28-11-1-13.5, AS ADDED BY P.L.90-2008, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 13.5. (a) The department may accept payment of any of the following by credit card, debit card, charge card, or similar method:

- (1) A fee established by the department under IC 28-11-3-5.
- (2) A penalty assessed by the department under this title or ~~IC 24-4.5~~; **IC 37-2**.
- (3) A fee assessed:
  - (A) in connection with the director's designation of an automated central licensing system and repository under ~~IC 24-4.5-3-503(10)~~; **IC 37-2-4-26(j)**; and



(B) for:

(i) processing applications and renewals for licenses under

~~IC 24-4.5-3~~; **IC 37-2-4**; or

(ii) performing other services that the director determines are necessary for the orderly administration of the department's licensing system under ~~IC 24-4.5-3~~. **IC 37-2-4**.

(b) If a fee or penalty described in subsection (a) is paid by credit card, debit card, charge card, or similar method, the liability is not finally discharged until the department receives payment or credit from the institution responsible for making the payment or credit.

(c) The department may contract with a bank or credit card vendor for acceptance of bank or credit cards. If there is a vendor transaction charge or discount fee, whether billed to the department or charged directly to the department's account, the department or the bank or credit card vendor may collect from the person using the bank or credit card a uniform fee that is determined by the department.

SECTION 70. IC 28-15-11-18, AS AMENDED BY P.L.27-2012, SECTION 116, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. (a) Subsections (b) and (c) apply to alternative mortgage loans and to similar loans authorized under federal law or regulations for a federal savings association.

(b) Any Indiana laws prohibiting:

(1) the compounding of interest;

(2) capitalizing interest because contracted loan repayments create negative amortization; or

(3) paying interest on interest;

do not apply. For purposes of the application of ~~IC 24-4.5-3~~ **IC 37-2-4** to a loan described in subsection (a), "principal" (as defined in ~~IC 24-4.5-3-107(3)~~ **IC 37-2-2-40.5**) includes interest unpaid and added to principal because the contracted repayments under the loan do not cover the entire interest due at any time.

(c) The lien of the loan provided by the mortgage and the loan documents:

(1) includes all advances or additions to principal of either principal or interest that are made in accordance with the terms of the loan documents; and

(2) is superior to any lien on the property created after the date the mortgage securing the loan is recorded, other than taxes and special property or taxing district assessments.

SECTION 71. IC 30-4-8-2, AS ADDED BY P.L.221-2019, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. Unless the context requires otherwise, the



following definitions apply throughout this chapter:

(1) "Claim" means a right to payment, regardless of whether the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, immature, disputed, undisputed, legal, equitable, secured, or unsecured.

(2) "Creditor" means a person who has a claim against the transferor.

(3) "Debt" means liability on a claim.

(4) "Disposition" means a transfer, conveyance, or assignment of property, including a change in the legal ownership of property that occurs when a trustee is substituted for another trustee or when at least one (1) trustee is added. The term also includes the exercise of a power that causes a transfer of property to a trustee. However, the term does not include the release or relinquishment of an interest in property that, until the release or relinquishment, was the subject of a qualified disposition.

(5) "Investment decision" means the retention, purchase, sale, exchange, tender, or other transaction affecting the ownership of or rights in an investment.

(6) "Legacy trust" means an irrevocable trust established under section 3 of this chapter.

(7) "Lender" means a company or entity that extends credit, including but not limited to a financial institution (as defined by IC 28-1-1-3(1)), a company or entity that extends credit under ~~IC 24-4.4 or IC 24-4.5~~, **IC 37-1 or IC 37-2**, or the successors and assigns of the company or entity.

(8) "Person" means an individual at least eighteen (18) years of age, a corporation, a trust, a limited liability company, a limited liability partnership, a partnership, a governmental entity, the state, or a political subdivision of the state.

(9) "Property" means real property, personal property, or an interest in real or personal property.

(10) "Qualified affidavit" means a sworn affidavit executed under section 5 of this chapter.

(11) "Qualified disposition" means a disposition by a transferor to a legacy trust.

(12) "Qualified trustee" means a person qualified to serve as the trustee of a legacy trust under section 6 of this chapter.

(13) "Transferor" means a person who as:

(A) an owner of property;

(B) a holder of a power of appointment that authorizes the holder to appoint in favor of the holder, the holder's creditors,



1 the holder's estate, or the creditors of the holder's estate; or  
 2 (C) a trustee;  
 3 directly or indirectly makes a disposition or causes a disposition  
 4 to be made.

5 (14) "Trust director" means a person given authority by the terms  
 6 of a legacy trust to direct, consent to, or disapprove actual or  
 7 proposed investment decisions, distribution decisions, or other  
 8 decisions related to property in a legacy trust.

9 SECTION 72. IC 31-16-15-25, AS AMENDED BY P.L.103-2007,  
 10 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2026]: Sec. 25. (a) An income payor that:

- 12 (1) discharges from employment an obligor;
- 13 (2) refuses to employ an obligor;
- 14 (3) takes disciplinary action against an obligor employed by the
- 15 income payor; or
- 16 (4) otherwise discriminates against an obligor;

17 because of the existence of an income withholding order or the  
 18 obligations imposed upon the income payor by the income withholding  
 19 order, is subject to a penalty not to exceed five thousand dollars  
 20 (\$5,000) payable to the state and recoverable in a civil action. An  
 21 obligor or the Title IV-D agency may bring an action to enforce a  
 22 penalty under this subsection.

23 (b) The collection of money under this section does not affect:

- 24 (1) the obligor's right to damages under ~~IC 24-4.5-5-202;~~  
 25 **IC 37-2-6-9;** or
- 26 (2) any other legal remedy available to the obligor;

27 because of discharge from employment, refusal of employment, or  
 28 disciplinary action.

29 SECTION 73. IC 32-28-15-1, AS ADDED BY P.L.62-2024,  
 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2026]: Sec. 1. (a) Except as otherwise provided in this  
 32 chapter, this chapter does not apply to a residential real estate service  
 33 agreement entered into before March 15, 2024.

34 (b) This chapter does not apply to any of the following:

- 35 (1) A home warranty or similar product that covers the cost of
- 36 maintenance of a major home system, such as:
- 37 (A) a plumbing system;
- 38 (B) a heating, cooling, and ventilation system; or
- 39 (C) electrical wiring;
- 40 for a fixed period.
- 41 (2) An insurance contract.
- 42 (3) An option to purchase residential real estate or a right of



1 refusal to purchase residential real estate.

2 (4) A declaration that is created in the formation of:

3 (A) an association of co-owners (as defined in IC 32-25-2-2)  
4 for a condominium (as defined in IC 32-25-2-7); or

5 (B) a homeowners association (as defined in IC 32-25.5-2-4);  
6 including any amendment to the declaration.

7 (5) A maintenance or repair agreement entered into by:

8 (A) an association of co-owners (as defined in IC 32-25-2-2)  
9 for a condominium (as defined in IC 32-25-2-7); or

10 (B) a homeowners association (as defined in IC 32-25.5-2-4).

11 (6) A mortgage loan or a commitment to make or receive a  
12 mortgage loan.

13 (7) A security agreement under IC 26-1 concerning the sale or  
14 rental of personal property or fixtures.

15 (8) Providers of:

16 (A) utility services, including water, sewer, gas, or electric  
17 service; or

18 (B) communications service (as defined in IC 8-1-32.5-3).

19 (9) A land contract (as defined in ~~IC 24-9-2-9.5~~; **IC 37-5-2-9.5**).

20 (10) An attorney's lien authorized by IC 33-43-4.

21 (11) A statutory lien authorized by this article, including:

22 (A) the lien of a broker company (as defined in  
23 IC 32-28-12.5-0.5) upon commercial real estate under  
24 IC 32-28-12.5-5; or

25 (B) a mechanic's or materialman's lien under IC 32-28-3.

26 SECTION 74. IC 32-30-10.5-5, AS AMENDED BY P.L.6-2012,  
27 SECTION 211, IS AMENDED TO READ AS FOLLOWS  
28 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) As used in this chapter,  
29 "mortgage" means:

30 (1) a loan; or

31 (2) a consumer credit sale;

32 that is or will be used by the debtor primarily for personal, family, or  
33 household purposes and that is secured by a mortgage (or another  
34 equivalent consensual security interest) that constitutes a first lien on  
35 a dwelling or on residential real estate upon which a dwelling is  
36 constructed or intended to be constructed.

37 (b) The term does not include a land contract (as defined in  
38 ~~IC 24-4-4-1-301(36)~~ **IC 37-1-2-21** or similar agreement in which the  
39 debtor does not possess a deed.

40 SECTION 75. IC 34-7-4-2, AS AMENDED BY THE TECHNICAL  
41 CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS  
42 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:





Sec. 2. Statutes outside IC 34 providing causes of action or procedures include the following:

- (1) IC 4-21.5-5 (Judicial review of administrative agency actions).
- (2) IC 22-3-4 (Worker's compensation administration and procedures).
- (3) IC 22-4-17 (Unemployment compensation system, employee's claims for benefits).
- (4) IC 22-4-32 (Unemployment compensation system, employer's appeal process).
- (5) IC 22-9 (Civil rights actions).
- (6) IC 22-9.5 (Fair housing).**
- ~~(6) IC 24-9~~ **(7) IC 37-5** (Home loans).
- ~~(7) (8)~~ **(8) IC 31-14** (Paternity).
- ~~(8) (9)~~ **(9) IC 31-15** (Dissolution of marriage and legal separation).
- ~~(9) (10)~~ **(10) IC 31-16** (Support of children and other dependents).
- ~~(10) (11)~~ **(11) IC 31-17** (Custody and parenting time).
- ~~(11) (12)~~ **(12) IC 31-19** (Adoption).
- ~~(12) (13)~~ **(13) IC 32-27-2, IC 32-30-1, IC 32-30-2, IC 32-30-4, IC 32-30-9, IC 32-30-10, IC 32-30-12, IC 32-30-13, and IC 32-30-14** (Real property).
- ~~(13) (14)~~ **(14) IC 33-43-4** (Attorney liens).

SECTION 76. IC 34-30-2.1-354 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 354. IC 24-4.4-3-103 (Concerning actions in conformity with a rule, written notice, written opinion, written interpretation, or written directive of the department of financial institutions under first lien mortgage lending law).~~

SECTION 77. IC 34-30-2.1-355 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 355. IC 24-4.5-6-104 (Concerning actions in conformity with a rule, written notice, written opinion, written interpretation, or written directive of the department of financial institutions under the Uniform Consumer Credit Code).~~

SECTION 78. IC 34-30-2.1-604 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 604. IC 37-1-4-2 (Concerning actions in conformity with a rule, written notice, written opinion, written interpretation, or written directive of the department of financial institutions under first lien mortgage lending law).**

SECTION 79. IC 34-30-2.1-605 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 605. IC 37-2-7-3 (Concerning actions in conformity with a rule, written notice, written opinion, written interpretation, or written directive of the department of**



1 **financial institutions under the Uniform Consumer Credit Code).**

2 SECTION 80. IC 34-31-2-6 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. ~~IC 24-4.5-5-203~~  
4 **IC 37-2-6-10** (Concerning creditors for errors made under the Uniform  
5 Consumer Credit code).

6 SECTION 81. IC 34-55-8-7, AS AMENDED BY P.L.78-2014,  
7 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2026]: Sec. 7. (a) Except as provided in subsection (b), after  
9 a hearing of which the judgment debtor has been notified, the court  
10 may order:

11 (1) any property, income, or profits of the judgment debtor not  
12 exempt from execution or process, in the hands either of the  
13 judgment debtor or of any other person; or

14 (2) any debt due to the judgment debtor;

15 to be applied to the satisfaction of the judgment and forbid transfers of  
16 property and choses in action.

17 (b) If the judgment debtor has failed to comply with an agreed order  
18 in the action, after a hearing of which the judgment debtor has been  
19 notified, the court shall order:

20 (1) any property, income, or profits of the judgment debtor not  
21 exempt from execution or process, in the hands either of the  
22 judgment debtor or of any other person; or

23 (2) any debt due to the judgment debtor;

24 to be applied to the satisfaction of the judgment and forbid transfers of  
25 property and choses in action.

26 (c) The judge shall order that:

27 (1) the judgment or execution is a continuing lien upon the  
28 income or profits of the judgment debtor in the hands either of the  
29 judgment debtor or any other person, governmental officer, or  
30 corporation from the date the order is served upon the person,  
31 governmental officer, or corporation indebted to the judgment  
32 debtor to the extent that the lien, together with all similar liens, is  
33 permitted under ~~IC 24-4.5-5-105~~; **IC 37-2-6-4**; and

34 (2) the court may enforce all orders and decrees in the premises,  
35 by attachment or otherwise.

36 (d) A court in an action for proceedings supplementary to execution  
37 shall issue an order directing a depository financial institution (as  
38 defined in IC 28-9-2) to place a hold on a deposit account in which the  
39 judgment debtor has an interest, either individually or jointly with  
40 another person, whenever the conditions prescribed under  
41 IC 28-9-3-4(d)(1) through IC 28-9-3-4(d)(3) are met. An order issued  
42 under this subsection:



(1) is subject to the limitations as to duration of the restriction and the amount to be restricted as specified under IC 28-9-4-2; and  
 (2) may be terminated or modified to reflect valid exemptions of a depositor that the court has considered.

(e) If an order for the placing of a hold on a deposit account is issued under subsection (d), a person whose deposit account is affected may request a hearing from the court on the matter of:

(1) the person's right to claim certain funds in the person's deposit account as exempt from garnishment; and  
 (2) whether the hold should be removed by the court.

(f) If a court receives a request for a hearing under subsection (e), the court shall hold a hearing on the matter within five (5) days (excluding Saturdays, Sundays, and legal holidays) after the court receives the request.

(g) If a person whose deposit account is affected by the order issued under subsection (d) files an affidavit with the court stating that the funds in the account are exempt from garnishment, the court may issue an order releasing the hold on the account without first conducting a hearing.

(h) If a court has issued a garnishment order to a third party and the garnishment order no longer applies to the third party due to a change in circumstances, the court may cancel the garnishment order and issue a new garnishment order to an appropriate third party, if all of the following conditions are met:

(1) The court has issued a garnishment order under subsection (a) or (b) with respect to a judgment debtor's income or profits in the hands of a third party.  
 (2) The judgment constitutes a continuing lien under subsection (c).  
 (3) Due to a change in circumstances, including a change of employment, the judgment debtor's income or profits are in the hands of a new third party not named in the garnishment order.  
 (4) The judgment creditor files a petition:  
 (A) notifying the court of the matters described in subdivisions (1) through (3); and  
 (B) informing the court of the name, address, and other relevant information concerning the new third party holding the judgment debtor's income and profits.

A court may issue a new garnishment order under this subsection without holding a hearing.

SECTION 82. IC 34-57-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) A written



1 agreement to submit to arbitration is valid, and enforceable, an existing  
 2 controversy or a controversy thereafter arising is valid and enforceable,  
 3 except upon such grounds as exist at law or in equity for the revocation  
 4 of any contract. If the parties to such an agreement stipulate in writing,  
 5 the agreement may be enforced by designated third persons, who shall  
 6 in such instances have the same rights as a party under this chapter.  
 7 This chapter also applies to arbitration agreement between employers  
 8 and employees or between their respective representatives (unless  
 9 otherwise provided in the agreement).

10 (b) This chapter specifically exempts from its coverage all consumer  
 11 leases, sales, and loan contracts, as these terms are defined in the  
 12 Uniform Consumer Credit Code (~~IC 24-4-5~~): **(IC 37-2)**.

13 SECTION 83. IC 35-38-1-18, AS AMENDED BY P.L.156-2007,  
 14 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2026]: Sec. 18. (a) Except as provided in subsection (b),  
 16 whenever the court imposes a fine, it shall conduct a hearing to  
 17 determine whether the convicted person is indigent. If the person is not  
 18 indigent, the court shall order:

- 19 (1) that the person pay the entire amount at the time sentence is
- 20 pronounced;
- 21 (2) that the person pay the entire amount at some later date;
- 22 (3) that the person pay specified parts at designated intervals; or
- 23 (4) at the request of the person, commitment of the person to the
- 24 county jail for a period of time set by the court in lieu of a fine. If
- 25 the court orders a person committed to jail under this subdivision,
- 26 the person's total confinement for the crime that resulted in the
- 27 conviction must not exceed the maximum term of imprisonment
- 28 prescribed for the crime under IC 35-50-2 or IC 35-50-3.

29 (b) A court may impose a fine and suspend payment of all or part of  
 30 the fine until the convicted person has completed all or part of the  
 31 sentence. If the court suspends payment of the fine, the court shall  
 32 conduct a hearing at the time the fine is due to determine whether the  
 33 convicted person is indigent. If the convicted person is not indigent, the  
 34 court shall order the convicted person to pay the fine:

- 35 (1) at the time the fine is due; or
- 36 (2) in a manner set forth in subsection (a)(2) through (a)(4).

37 (c) If a court suspends payment of a fine under subsection (b), the  
 38 court retains jurisdiction over the convicted person until the convicted  
 39 person has paid the entire amount of the fine.

40 (d) Upon any default in the payment of the fine:

- 41 (1) an attorney representing the county may bring an action on a
- 42 debt for the unpaid amount;



(2) the court may direct that the person, if the person is not indigent, be committed to the county jail and credited toward payment at the rate of twenty dollars (\$20) for each twenty-four (24) hour period the person is confined, until the amount paid plus the amount credited equals the entire amount due; or

(3) the court may institute contempt proceedings or order the convicted person's wages, salary, and other income garnished in accordance with ~~IC 24-4.5-5-105~~ **IC 37-2-6-4** to enforce the court's order for payment of the fine.

SECTION 84. IC 35-45-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. As used in this chapter:

"Loan" means any transaction described in section 3 of this chapter, whether or not the transaction is in the form of a loan as defined in ~~IC 24-4.5-3-106~~, **IC 37-2-2-27.5**, and without regard to whether the person making the loan is regularly engaged in making consumer loans, consumer credit sales, or consumer leases.

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

"Rate" means the monetary value of the consideration received per annum or due per annum, calculated according to the actuarial method on the unpaid balance of the principal.

SECTION 85. IC 35-45-7-2, AS AMENDED BY P.L.158-2013, SECTION 536, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. A person who, in exchange for the loan of any property, knowingly or intentionally receives or contracts to receive from another person any consideration, at a rate greater than two (2) times the rate specified in ~~IC 24-4.5-3-508(2)(a)(i)~~, **IC 37-2-4-35(b)(1)(A)**, commits loansharking, a Level 6 felony. However, loansharking is a Level 5 felony if force or the threat of force is used to collect or to attempt to collect any of the property loaned or any of the consideration for the loan.

SECTION 86. IC 35-45-7-3, AS AMENDED BY P.L.35-2010, SECTION 208, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) This chapter applies only:

(1) to consumer loans, consumer related loans, consumer credit sales, consumer related sales, and consumer leases, as those terms are defined in ~~IC 24-4.5~~, **IC 37-2**, subject to adjustment, where applicable, of the dollar amounts set forth in those definitions under ~~IC 24-4.5-1-106~~, **IC 37-2-1-5**;

(2) to any loan primarily secured by an interest in land or sale of an interest in land that is a mortgage transaction (as defined in



~~IC 24-4.5-1-301.5~~ **IC 37-2-2-32**) if the transaction is otherwise a consumer loan or consumer credit sale; and

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

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

SECTION 87. IC 35-52-24-21 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 21. IC 24-4.5-5-301 defines a crime concerning the Uniform Consumer Credit Code.~~

SECTION 88. IC 35-52-24-22 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 22. IC 24-4.5-5-302 defines a crime concerning the Uniform Consumer Credit Code.~~

SECTION 89. IC 35-52-24-31 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 31. IC 24-5.5-6-1 defines a crime concerning mortgage rescue protection fraud.~~

SECTION 90. IC 35-52-24-39 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 39. IC 24-9-8-1 defines a crime concerning home loan practices.~~

SECTION 91. IC 35-52-37 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

**Chapter 37. IC 37 Criminal Statutes**

**Sec. 1. IC 37-2-6-13 defines a crime concerning the Uniform Consumer Credit Code.**

**Sec. 2. IC 37-2-6-14 defines a crime concerning the Uniform Consumer Credit Code.**

**Sec. 3. IC 37-4-5-1 defines a crime concerning mortgage rescue protection fraud.**

**Sec. 4. IC 37-5-8-1 defines a crime concerning home loan practices.**

SECTION 92. IC 36-1-8-11, AS AMENDED BY P.L.105-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. (a) This section does not apply to a county treasurer governed by IC 36-2-10-23.

(b) As used in this section, "credit card" means a:

(1) credit card;

(2) debit card;



- (3) charge card; or
- (4) stored value card.

(c) A payment to a political subdivision or a municipally owned utility for any purpose may be made by any of the following financial instruments that the fiscal body of the political subdivision or the board of the municipally owned utility authorizes for use:

- (1) Cash.
- (2) Check.
- (3) Bank draft.
- (4) Money order.
- (5) Bank card or credit card.
- (6) Electronic funds transfer.
- (7) Any other financial instrument authorized by the fiscal body.

(d) If there is a charge to the political subdivision or municipally owned utility for the use of a financial instrument, the political subdivision or municipally owned utility may collect a sum equal to the amount of the charge from the person who uses the financial instrument.

(e) If authorized by the fiscal body of the political subdivision or the board of the municipally owned utility, the political subdivision or municipally owned utility may accept payments under this section with a bank card or credit card under the procedures set forth in this section. However, the procedure authorized for a particular type of payment must be uniformly applied to all payments of the same type.

(f) The political subdivision or municipally owned utility may contract with a bank card or credit card vendor for acceptance of bank cards or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the political subdivision or municipally owned utility or charged directly to the political subdivision's or municipally owned utility's account, the political subdivision or municipally owned utility may collect from the person using the card either or both of the following:

- (1) An official fee that may not exceed the transaction charge or discount fee charged to the political subdivision or municipally owned utility by bank or credit card vendors.
- (2) A reasonable convenience fee:
  - (A) that may not exceed three dollars (\$3); and
  - (B) that must be uniform regardless of the bank card or credit card used.

The fees described in subdivisions (1) and (2) may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such fees. These fees are permitted



1 additional charges under ~~IC 24-4.5-3-202~~. **IC 37-2-4-5.**

2 (g) The political subdivision or municipally owned utility may pay  
3 any applicable bank card or credit card service charge associated with  
4 the use of a bank card or credit card under this subsection.

5 (h) The authorization of the fiscal body of the political subdivision  
6 is not required by the bureau of motor vehicles or the bureau of motor  
7 vehicles commission to use electronic funds transfer or other financial  
8 instruments to transfer funds to the political subdivision.

9 SECTION 93. IC 36-2-7-10, AS AMENDED BY P.L.181-2025,  
10 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2026]: Sec. 10. (a) The following definitions apply to this  
12 section:

13 (1) "Copy" means:

14 (A) transcribing or duplicating a document by handwriting,  
15 photocopy, xerography, or duplicating machine;

16 (B) duplicating electronically stored data onto a disk, tape,  
17 drum, or any other means of electronic data storage; or

18 (C) reproducing a document by any other means.

19 (2) "Mortgage" means a transfer of rights to real property, in a  
20 form substantially similar to that set forth in IC 32-29-1-5, with or  
21 without warranty from the grantor. The term does not include:

22 (A) a mortgage modification;

23 (B) a mortgage assignment;

24 (C) a mortgage release; or

25 (D) a mortgage assumption.

26 (3) "Multiple transaction document" means a document  
27 containing two (2) or more transactions of the same type.

28 (4) "Record" or "recording" means the act of placing a document  
29 into the official records of the county recorder and includes the  
30 functions of filing and filing for record.

31 (b) The county recorder shall charge and collect the fees prescribed  
32 by this section for recording, filing, copying, and other services the  
33 recorder renders, and shall pay them into the county treasury at the end  
34 of each calendar month. The fees prescribed and collected under this  
35 section supersede all other recording fees required by law to be charged  
36 for services rendered by the county recorder.

37 (c) The county recorder shall charge the following:

38 (1) Twenty-five dollars (\$25) for recording any deed or other  
39 instrument, other than a mortgage.

40 (2) Fifty-five dollars (\$55) for recording any mortgage.

41 (3) For pages larger than eight and one-half (8 1/2) inches by  
42 fourteen (14) inches twenty-five dollars (\$25) for the first page





- 1 and five dollars (\$5) for each additional page of any document the
- 2 recorder records, if the pages are larger than eight and one-half (8
- 3 1/2) inches by fourteen (14) inches.
- 4 (4) If the county recorder has elected to attest to the release,
- 5 partial release, or assignment of any mortgage, judgment, lien, or
- 6 oil and gas lease contained on a multiple transaction document,
- 7 the fee for each transaction after the first is seven dollars (\$7) plus
- 8 the amount provided in subdivision (1).
- 9 (5) For furnishing copies of records, the fee for each copy is:
- 10 (A) one dollar (\$1) per page that is not larger than eleven (11)
- 11 inches by seventeen (17) inches; and
- 12 (B) five dollars (\$5) per page that is larger than eleven (11)
- 13 inches by seventeen (17) inches.
- 14 (6) Five dollars (\$5) for acknowledging or certifying to a
- 15 document.
- 16 (7) A fee in an amount authorized by an ordinance adopted by the
- 17 county legislative body for duplicating a computer tape, a
- 18 computer disk, an optical disk, microfilm, or similar media. This
- 19 fee may not cover making a handwritten copy or a photocopy or
- 20 using xerography or a duplicating machine.
- 21 (8) Twenty-five dollars (\$25) per parcel for recording the release
- 22 of a lien or liens of a political subdivision for a property sold or
- 23 transferred under IC 6-1.1-24-6.1 or IC 36-1-11, regardless of the
- 24 number of liens held by the political subdivision. This fee applies
- 25 to each political subdivision with a lien or liens on a parcel. In
- 26 addition to the fee under this subdivision, if a county fiscal body
- 27 adopts a fee under section 10.7 of this chapter, the county
- 28 recorder may charge the fee under section 10.7 of this chapter for
- 29 each document recorded by a political subdivision under this
- 30 subdivision.
- 31 (9) This subdivision applies in a county only if at least one (1)
- 32 unit in the county has established an affordable housing fund
- 33 under IC 5-20-5-15.5 and the county fiscal body adopts an
- 34 ordinance authorizing the fee described in this subdivision. An
- 35 ordinance adopted under this subdivision may authorize the
- 36 county recorder to charge a fee of ten dollars (\$10) for each
- 37 document the recorder records.
- 38 (10) This subdivision applies in a county containing a
- 39 consolidated city that has established a housing trust fund under
- 40 IC 36-7-15.1-35.5(e). This subdivision does not apply if the
- 41 county fiscal body adopts a fee under section 10.7 of this chapter.
- 42 The county fiscal body may adopt an ordinance authorizing the



fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:

(A) two dollars and fifty cents (\$2.50) for the first page; and

(B) one dollar (\$1) for each additional page;

of each document the recorder records.

(d) This subsection does not apply in a county containing a consolidated city. Section 10.5 of this chapter applies to the deposit of fees collected under subsection (c)(1) and (c)(8) in a county containing a consolidated city. The county recorder shall deposit the fees collected under subsection (c)(1) and (c)(8) as follows:

(1) Eight dollars (\$8) in the county general fund.

(2) Five dollars (\$5) in the county surveyor's corner perpetuation fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).

(3) Ten dollars (\$10) in the county recorder's records perpetuation fund established under subsection (g).

(4) One dollar (\$1) in the county identification security protection fund established under IC 36-2-7.5-11.

(5) One dollar (\$1) in the county elected officials training fund under IC 36-2-7-19.

(e) This subsection does not apply in a county containing a consolidated city. Section 10.5 of this chapter applies to the deposit of fees collected under subsection (c)(2) in a county containing a consolidated city. The county recorder shall deposit the fees collected under subsection (c)(2) as follows:

(1) Thirty-four dollars (\$34) in the county general fund.

(2) Five dollars (\$5) in the county surveyor's corner perpetuation fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).

(3) Eleven dollars and fifty cents (\$11.50) in the county recorder's records perpetuation fund established under subsection (g).

(4) Two dollars and fifty cents (\$2.50) with the county treasurer to be distributed in accordance with ~~IC 24-9-9-3~~ **IC 37-5-9-2** and ~~IC 24-9-9-4~~ **IC 37-5-9-3**.

(5) One dollar (\$1) in the county identification security protection fund established under IC 36-2-7.5-11.

(6) One dollar (\$1) in the county elected officials training fund under IC 36-2-7-19.

(f) This subsection applies to all counties. A county recorder shall deposit fees collected under subsection (c)(3), (c)(4), (c)(5), (c)(6), and (c)(7) in the county recorder's records perpetuation fund established under subsection (g).

(g) The county treasurer shall establish a county recorder's records perpetuation fund. The fund consists of all fees collected under this



section for deposit in the fund and amounts transferred to the fund from the county identification security protection fund under IC 36-2-7.5-11. Except as provided in section 10.2 of this chapter, the county recorder may use any money in this fund without appropriation for:

(1) the preservation of records; and

(2) the improvement of record keeping systems and equipment; within the control of the county recorder. Money from the fund may not be deposited or transferred into the county general fund and does not revert to the county general fund at the end of a fiscal year.

(h) The county recorder shall post the fees set forth in subsection (c) in a prominent place within the county recorder's office where the fee schedule will be readily accessible to the public.

(i) The county recorder may not charge or collect any fee for:

(1) recording an official bond of a public officer, a deputy, an appointee, or an employee; or

(2) performing any service under any of the following:

(A) IC 6-1.1-22-2(c).

(B) IC 8-23-7.

(C) IC 8-23-23.

(D) IC 10-17-2-3.

(E) IC 10-17-3-2.

(F) IC 12-14-13.

(G) IC 12-14-16.

(j) The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes.

(k) This subsection applies to a county other than a county containing a consolidated city. The county treasurer shall distribute money collected by the county recorder under subsection (c)(9) as follows:

(1) Sixty percent (60%) of the money collected by the county recorder under subsection (c)(9) shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.

(2) Forty percent (40%) of the money collected by the county



recorder under subsection (c)(9) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

Money shall be distributed under this subsection before the sixteenth day of the month following the month in which the money is collected from the county recorder.

(l) This subsection applies to a county described in subsection (c)(10). The county treasurer shall distribute money collected by the county recorder under subsection (c)(10) as follows:

(1) Sixty percent (60%) of the money collected by the county recorder under subsection (c)(10) shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

(2) Forty percent (40%) of the money collected by the county recorder under subsection (c)(10) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

Money shall be distributed under this subsection before the sixteenth day of the month following the month in which the money is collected from the county recorder.

(m) The county recorder may also include a cross-reference or multiple cross-references identified in a document for recording under this section. For cross-references not otherwise required by statute or county ordinance, the person submitting the document for recording shall clearly identify on the front page of the instrument the specific cross-reference or cross-references to be included with the recorded documents.

SECTION 94. IC 36-2-7-10.5, AS AMENDED BY P.L.181-2025, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10.5. (a) This section applies only in a county containing a consolidated city.

(b) The county recorder shall deposit the fees collected under section 10(c)(1) and 10(c)(8) of this chapter as follows:

(1) Nine dollars (\$9) in the county general fund.

(2) Five dollars (\$5) in the county surveyor's corner perpetuation fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).

(3) Ten dollars (\$10) in the county recorder's records perpetuation fund established under section 10(g) of this chapter.

(4) Fifty cents (\$0.50) in the county identification security protection fund established under IC 36-2-7.5-11.



(5) Fifty cents (\$0.50) in the county elected officials training fund under IC 36-2-7-19.

(c) The county recorder shall deposit the fees collected under section 10(c)(2) of this chapter as follows:

(1) Thirty-five dollars (\$35) in the county general fund.

(2) Five dollars (\$5) in the county surveyor's corner perpetuation fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).

(3) Eleven dollars and fifty cents (\$11.50) in the county recorder's records perpetuation fund established under section 10(g) of this chapter.

(4) Two dollars and fifty cents (\$2.50) with the county treasurer to be distributed in accordance with ~~IC 24-9-9-3~~ **IC 37-5-9-2** and ~~IC 24-9-9-4~~ **IC 37-5-9-3**.

(5) Fifty cents (\$0.50) in the county identification security protection fund established under IC 36-2-7.5-11.

(6) Fifty cents (\$0.50) in the county elected officials training fund under IC 36-2-7-19.

SECTION 95. IC 36-2-10-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) Notwithstanding any other law, payments to the treasurer for any purpose, including property tax payments, may be made by any of the following financial instruments that the treasurer authorizes for use:

(1) Cash.

(2) Check.

(3) Bank draft.

(4) Money order.

(5) Bank card or credit card.

(6) Electronic funds transfer.

(7) Any other financial instrument authorized by the treasurer.

(b) If there is a charge to the treasurer for the use of a financial instrument other than a bank card or credit card, the treasurer shall collect a sum equal to the amount of the charge from the person who uses the financial instrument.

(c) A treasurer may contract with a bank card or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the treasurer or charged directly to the treasurer's account, the treasurer shall collect from the person using the card an official fee that may not exceed the highest transaction charge or discount fee charged to the treasurer by bank or credit card vendors during the most recent collection period. This fee may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such a fee.



1 The fee is a permitted additional charge under ~~IC 24-4.5-3-202-~~  
 2 **IC 37-2-4-5.**

3 (d) Notwithstanding subsection (a), the authorization of the treasurer  
 4 is not required for the bureau of motor vehicles or the bureau of motor  
 5 vehicles commission to use electronic funds transfer or other financial  
 6 instruments to transfer funds to the county treasurer.

7 SECTION 96. IC 36-2-11-27, AS ADDED BY P.L.171-2006,  
 8 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2026]: Sec. 27. (a) A payment to the county recorder for any  
 10 purpose may be made by any of the following financial instruments that  
 11 the county recorder authorizes to use:

- 12 (1) Cash.
- 13 (2) Check.
- 14 (3) Bank draft.
- 15 (4) Money order.
- 16 (5) Bank card or credit card.
- 17 (6) Electronic funds transfer.
- 18 (7) Any other financial instrument authorized by the county  
 19 recorder.

20 (b) If there is a charge to the county recorder for the use of a  
 21 financial instrument other than a bank card or credit card, the county  
 22 recorder shall collect a sum equal to the amount of the charge from the  
 23 person who uses the financial instrument.

24 (c) The county recorder may contract with a bank card or credit card  
 25 vendor for acceptance of bank cards or credit cards. A payment made  
 26 under this chapter does not finally discharge the person's liability, and  
 27 the person has not paid the liability until the county recorder receives  
 28 payment or credit from the institution responsible for making the  
 29 payment or credit. Subject to subsection (e), if there is a vendor  
 30 transaction card or discount fee, whether billed to the county recorder  
 31 or charged directly to the county recorder's account, the county  
 32 recorder shall collect a fee from the person using the bank card or  
 33 credit card. The fee is a permitted charge under ~~IC 24-4.5-3-202-~~  
 34 **IC 37-2-4-5.**

35 (d) Subject to subsection (e), the county recorder may contract with  
 36 a payment processing company, which may collect a transaction fee  
 37 from the person using the bank card or credit card.

38 (e) The county recorder shall collect and deposit in the appropriate  
 39 fund an amount not less than the amount the county recorder would  
 40 collect and deposit if the county recorder received payment by a means  
 41 other than a bank card or credit card.

42 (f) Funds described in subsection (c) may be used without



1 appropriation to pay the transaction charge or discount fee charged by  
2 the bank or credit card vendor.

3 SECTION 97. IC 37 IS ADDED TO THE INDIANA CODE AS A  
4 NEW TITLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

5 **TITLE 37. CONSUMER LENDING**

6 **ARTICLE 1. FIRST LIEN MORTGAGE LENDING**

7 **Chapter 1. General Provisions**

8 **Sec. 0.1.** This article must be construed as a recodification of  
9 prior law. The enactment of this article by SEA 169-2026 does not  
10 affect the substantive operation and effect of the prior law.

11 **Sec. 0.3.** A contract entered into in accordance with IC 24-4.4  
12 (before its repeal) is considered a contract entered into in  
13 accordance with this article.

14 **Sec. 0.5.** Any document, website, or business communication  
15 created in accordance with IC 24-4.4 (before its repeal) is  
16 considered a document, website, or business communication  
17 created in accordance with this article.

18 **Sec. 1.** Notwithstanding any other provision of this article or  
19 IC 37-2, the department may adopt rules under IC 4-22-2, to  
20 remain effective until codified in the Indiana Code, in order to  
21 provide for a system of licensing creditors and mortgage loan  
22 originators that meets the requirements of:

23 (1) the Secure and Fair Enforcement for Mortgage Licensing  
24 Act of 2008 (H.R. 3221 Title V) and the interpretations of that  
25 Act issued by the Secretary of Housing and Urban  
26 Development and the Consumer Financial Protection Bureau;  
27 and

28 (2) the subsequent amendment of the Secure and Fair  
29 Enforcement for Mortgage Licensing Act of 2008 by the  
30 Economic Growth, Regulatory Relief, and Consumer  
31 Protection Act (P.L. 115-174, 132 Stat. 1296).

32 **Sec. 2. (a)** This article shall be liberally construed and applied  
33 to promote the following purposes and policies:

34 (1) To permit and encourage the development of fair and  
35 economically sound first lien mortgage lending practices.

36 (2) To conform the regulation of first lien mortgage lending  
37 practices to applicable state and federal laws, rules,  
38 regulations, policies, and guidance.

39 (b) A reference to a requirement imposed by this article includes  
40 reference to a related rule of the department adopted under this  
41 article.

42 (c) A reference to a federal law in this article is a reference to



the law as in effect December 31, 2024.

Sec. 3. This article is a general statute intended as a unified coverage of its subject matter. No part of this article may be considered to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

Sec. 4. The provisions of this article are severable, so that if:

(1) any provisions of this article; or

(2) the application of this article to any person or circumstances;

is held invalid, the invalidity does not affect other provisions or applications of this article that can be given effect without the invalid provision or application.

Sec. 5. (a) Except as provided in subsection (b), this article applies to a first lien mortgage transaction:

(1) that is secured by an interest in:

(A) a dwelling; or

(B) residential real estate upon which a dwelling is constructed or intended to be constructed;

in Indiana; and

(2) the closing for which takes place after June 30, 2026.

(b) This article does not apply to a first lien mortgage transaction if:

(1) the debtor is not a resident of Indiana at the time the transaction is entered into; and

(2) the laws of the debtor's state of residence require that the transaction be made under the laws of the state of the debtor's residence.

Sec. 6. This article does not apply to the following:

(1) Extensions of credit to government or governmental agencies or instrumentalities.

(2) A first lien mortgage transaction in which the debt is incurred primarily for a purpose other than a personal, family, or household purpose.

(3) An extension of credit primarily for a business, a commercial, or an agricultural purpose.

(4) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d), and IC 37-1-3-19(e), a first lien mortgage transaction made:

(A) in compliance with the requirements of; and

(B) by a community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from;

the Indiana housing and community development authority established by IC 5-20-1-3.





(5) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d), and IC 37-1-3-19(e), a first lien mortgage transaction made by an entity that exclusively uses funds provided by the United States Department of Housing and Urban Development under Title 1 of the federal Housing and Community Development Act of 1974, Public Law 93-383, as amended (42 U.S.C. 5301 et seq.).

(6) An extension of credit originated by the following:

(A) A depository institution.

(B) Subsidiaries that are not licensed under this article and that are:

(i) owned and controlled by a depository institution; and

(ii) regulated by a federal banking agency.

(C) An institution regulated by the Farm Credit Administration.

(7) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d), and IC 37-1-3-19(e), a credit union service organization that is majority owned, directly or indirectly, by one (1) or more credit unions.

(8) A person that does not engage as a creditor in first lien mortgage transactions in Indiana. However, a person may voluntarily register with the department for the purpose of sponsoring employees who are licensed as mortgage loan originators under this article and 750 IAC 9-3, and who are engaged solely as third party loan processors or underwriters, if the person does the following:

(A) Assumes responsibility for and reasonably supervises the activities of all licensed mortgage loan originators sponsored by the person.

(B) Registers with and maintains a valid unique identifier issued by the NMLSR as required by IC 37-1-3-4(b), maintains a surety bond in accordance with IC 37-1-3-8, submits to the NMLSR reports of condition in accordance with IC 37-1-3-19(d) (subject to IC 37-1-3-9), and files financial statements with the department in accordance with IC 37-1-3-19(e).

(C) Cooperates with the department, and provides access to records and documents, as required by the department in carrying out examinations of the activities of the licensed mortgage loan originators sponsored by the person, as described in IC 37-1-3-19(a).

(D) Agrees to comply with all law, rules, directives, and



orders in connection with the activities of the licensed mortgage loan originators sponsored by the person, as the director determines necessary to ensure compliance with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.) and with Indiana law.

(9) A first lien mortgage transaction originated by a registered mortgage loan originator, when acting for an entity described in subdivision (6). However, a privately insured state chartered credit union shall comply with the system of mortgage loan originator registration developed by the Federal Financial Institutions Examinations Council under Section 1507 of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE).

(10) An individual who offers or negotiates terms of a mortgage transaction with or on behalf of an immediate family member of the individual.

(11) An individual who offers or negotiates terms of a mortgage transaction secured by a dwelling that served as the individual's residence.

(12) Unless the attorney is compensated by:

(A) a lender;

(B) a mortgage broker;

(C) another mortgage loan originator; or

(D) any agent of the lender, mortgage broker, or other mortgage loan originator described in clauses (A) through (C);

a licensed attorney who negotiates the terms of a mortgage transaction on behalf of a client as an ancillary matter to the attorney's representation of the client.

(13) The United States, any state or local government, or any agency or instrumentality of any governmental entity, including United States government sponsored enterprises.

(14) A person in whose name a tablefunded transaction is closed. However, the exemption provided by this subdivision does not apply if:

(A) the transaction:

(i) is secured by a dwelling that is a mobile home, a manufactured home, or a trailer; and

(ii) is not also secured by an interest in land; and

(B) the person in whose name the transaction is closed sells the dwelling to the debtor through a retail installment



- 1 contract or other similar transaction.
- 2 (15) A bona fide nonprofit organization not operating in a
- 3 commercial context, as determined by the director, if the
- 4 following criteria are satisfied:
- 5 (A) Subject to clause (B), the organization originates only
- 6 one (1) or both of the following types of mortgage
- 7 transactions:
- 8 (i) Zero (0) interest first lien mortgage transactions.
- 9 (ii) Zero (0) interest subordinate lien mortgage
- 10 transactions.
- 11 (B) The organization does not require, under the terms of
- 12 the mortgage or otherwise, balloon payments with respect
- 13 to the mortgage transactions described in clause (A).
- 14 (C) The organization is exempt from federal income
- 15 taxation under Section 501(c)(3) of the Internal Revenue
- 16 Code.
- 17 (D) The organization's primary purpose is to serve the
- 18 public by helping low income individuals and families
- 19 build, repair, and purchase housing.
- 20 (E) The organization uses only:
- 21 (i) unpaid volunteers; or
- 22 (ii) employees whose compensation is not based on the
- 23 number or size of any mortgage transactions that the
- 24 employees originate;
- 25 to originate the mortgage transactions described in clause
- 26 (A).
- 27 (F) The organization does not charge loan origination fees
- 28 in connection with the mortgage transactions described in
- 29 clause (A).
- 30 (16) A bona fide nonprofit organization if the following
- 31 criteria are satisfied:
- 32 (A) For each calendar year that the organization seeks the
- 33 exemption provided by this subdivision, the organization
- 34 certifies, not later than December 31 of the preceding
- 35 calendar year and on a form prescribed by the director
- 36 and accompanied by such documentation as required by
- 37 the director, that the organization is a bona fide nonprofit
- 38 organization.
- 39 (B) The director determines that the organization
- 40 originates only mortgage transactions that are favorable to
- 41 the debtor. For purposes of this clause, a mortgage
- 42 transaction is favorable to the debtor if the director



determines that the terms of the mortgage transaction are consistent with terms of mortgage transactions made in a public or charitable context, rather than in a commercial context.

Sec. 7. (a) If a person licensed or required to be licensed by the department to engage in mortgage transactions also engages in activities of a loan broker described in IC 23-2.5, the activities of a loan broker are subject to the following sections of the Indiana Code and any rules adopted to implement these sections:

- (1) IC 23-2.5-8-1, except for IC 23-2.5-8-1(b)(2).
- (2) IC 23-2.5-8-2.
- (3) IC 23-2.5-11-15(b) and IC 23-2.5-11-15(c).
- (4) IC 23-2.5-11-17.
- (5) IC 23-2.5-8-3.
- (6) IC 23-2.5-8-4 through IC 23-2.5-8-9.
- (7) IC 23-2.5-8-10.
- (8) IC 23-2.5-10-1.
- (9) IC 23-2.5-9-1.
- (10) IC 23-2.5-11-16.

(b) Loan broker business transactions engaged in by persons licensed or required to be licensed by the department to engage in mortgage transactions are subject to examination by the department and to the examination fees described in IC 37-1-3-5(h)(3). The department may cooperate with the securities division of the office of the secretary of state in the department's examination of loan broker business transactions and may use the securities division's examiners to conduct examinations.

Sec. 8. In the department's examination and regulatory activities related to licensees under this article, the department may cooperate with the Indiana securities commissioner in the regulation of entities that, in addition to conducting business regulated under this article, also conduct activities of a loan broker subject to IC 23-2.5.

Sec. 9. A licensee may carry on other business at a location where the licensee engages in first lien mortgage transactions unless the licensee carries on other business for the purpose of evasion or violation of this article.

#### Chapter 2. Definitions

Sec. 1. The definitions set forth in this chapter apply throughout this article.

Sec. 2. "Affiliate", with respect to any person subject to this



1 article, means a person that, directly or indirectly, through one (1)  
 2 or more intermediaries:

- 3 (1) controls;
- 4 (2) is controlled by; or
- 5 (3) is under common control with;
- 6 the person subject to this article.

7 Sec. 3. "Agreement" means the bargain of the parties in fact as  
 8 found in the parties' language or by implication from other  
 9 circumstances, including course of dealing or usage of trade or  
 10 course of performance.

11 Sec. 4. "Agricultural products" includes agricultural products,  
 12 horticultural products, viticultural products, dairy products,  
 13 livestock, wildlife, poultry, bees, forest products, fish and shellfish,  
 14 any products raised or produced on farms, and any products  
 15 processed or manufactured from products raised or produced on  
 16 farms.

17 Sec. 5. "Agricultural purpose" means a purpose related to the  
 18 production, harvest, exhibition, marketing, transportation,  
 19 processing, or manufacture of agricultural products by a natural  
 20 person who cultivates, plants, propagates, or nurtures the  
 21 agricultural products.

22 Sec. 6. "Balloon payment", with respect to a mortgage  
 23 transaction, means any payment:

- 24 (1) that the creditor requires the debtor to make at any time
- 25 during the term of the mortgage;
- 26 (2) that represents the entire amount of the outstanding
- 27 balance with respect to the mortgage; and
- 28 (3) the entire amount of which is due as of a specified date or
- 29 at the end of a specified period;

30 if the aggregate amount of the minimum periodic payments  
 31 required under the mortgage would not fully amortize the  
 32 outstanding balance by the specified date or at the end of the  
 33 specified period. The term does not include a payment required by  
 34 a creditor under a due-on-sale clause (as defined in 12 U.S.C.  
 35 1701j-3(a)) or a payment required by a creditor under a provision  
 36 in the mortgage that permits the creditor to accelerate the debt  
 37 upon the debtor's default or failure to abide by the material terms  
 38 of the mortgage.

39 Sec. 7. "Bona fide nonprofit organization" means an  
 40 organization that does the following, as determined by the director,  
 41 under criteria established by the director:

- 42 (1) Maintains tax exempt status under Section 501(c)(3) of the



**Internal Revenue Code.**

**(2) Promotes affordable housing or provides home ownership education or similar services.**

**(3) Conducts the organization's activities in a manner that serves public or charitable purposes.**

**(4) Receives funding and revenue and charges fees in a manner that does not encourage the organization or the organization's employees to act other than in the best interests of the organization's clients.**

**(5) Compensates the organization's employees in a manner that does not encourage employees to act other than in the best interests of the organization's clients.**

**(6) Provides to, or identifies for, debtors mortgage transactions with terms that are favorable to the debtor (as described in IC 37-1-1-6(16)) and comparable to mortgage transactions and housing assistance provided under government housing assistance programs.**

**(7) Maintains certification by the United States Department of Housing and Urban Development or employs counselors who are certified by the Indiana housing and community development authority.**

**Sec. 8. "Civil court" means any court in Indiana having jurisdiction of civil cases.**

**Sec. 9. "Consumer credit sale" is a sale of goods, services, or an interest in land in which:**

**(1) credit is granted by a person who engages as a seller in credit transactions of the same kind;**

**(2) the buyer is a person other than an organization;**

**(3) the goods, services, or interest in land are purchased primarily for a personal, family, or household purpose;**

**(4) either the debt is payable in installments or a credit service charge is made; and**

**(5) with respect to a sale of goods or services, either:**

**(A) the amount of credit extended, the written credit limit, or the initial advance does not exceed the exempt threshold amount, as adjusted in accordance with the annual adjustment of the exempt threshold amount, specified in Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as applicable); or**

**(B) the debt is secured by personal property used or expected to be used as the principal dwelling of the buyer.**

**Sec. 10. "Credit" means the right granted by a creditor to a**



debtor to defer payment of debt or to incur debt and defer its payment.

Sec. 11. "Creditor" means a person:

(1) that regularly engages in the extension of first lien mortgage transactions that are subject to a credit service charge or loan finance charge, as applicable, or are payable by written agreement in more than four (4) installments (not including a down payment); and

(2) to which the obligation is initially payable, either on the face of the note or contract, or by agreement if there is not a note or contract.

The term does not include a person described in section 39 of this chapter in a tablefunded transaction. A creditor may be an individual, a limited liability company, a sole proprietorship, a partnership, a trust, a joint venture, a corporation, an unincorporated organization, or other form of entity, however organized.

Sec. 12. "Department" refers to the department of financial institutions.

Sec. 13. "Depository institution" has the meaning set forth in the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes any credit union.

Sec. 14. "Director" refers to the director of the department of financial institutions or the director's designee.

Sec. 15. "Dwelling" means a residential structure that contains one (1) to four (4) units, regardless of whether the structure is attached to real property. The term includes an individual:

- (1) condominium unit;
- (2) cooperative unit;
- (3) mobile home; or
- (4) trailer;

that is used as a residence.

Sec. 16. "Employee" means an individual who is paid wages or other compensation by an employer required under federal income tax law to file Form W-2 on behalf of the individual.

Sec. 17. "Federal banking agencies" means the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, and the Federal Deposit Insurance Corporation.

Sec. 18. "First lien mortgage transaction" means:

- (1) a consumer loan; or



1           (2) a consumer credit sale;  
 2           that is or will be used by the debtor primarily for personal, family,  
 3           or household purposes and that is secured by a mortgage or a land  
 4           contract (or another consensual security interest equivalent to a  
 5           mortgage or a land contract) that constitutes a first lien on a  
 6           dwelling or on residential real estate upon which a dwelling is  
 7           constructed or intended to be constructed.

8           Sec. 19. "Immediate family member" means a spouse, child,  
 9           sibling, parent, grandparent, or grandchild. The term includes  
 10          stepparents, stepchildren, stepsiblings, and adoptive relationships.

11          Sec. 20. "Individual" means a natural person.

12          Sec. 21. "Land contract" means a contract for the sale of real  
 13          estate in which the seller of the real estate retains legal title to the  
 14          real estate until the total contract price is paid by the buyer.

15          Sec. 22. "Licensee" means a person licensed to engage in  
 16          mortgage transactions as a creditor.

17          Sec. 23. "Loan" includes:

18           (1) the creation of debt by:

19               (A) the creditor's payment of or agreement to pay money  
 20               to the debtor or to a third party for the account of the  
 21               debtor; or

22               (B) the extension of credit by a person who engages as a  
 23               seller in credit transactions primarily secured by an  
 24               interest in land;

25           (2) the creation of debt by a credit to an account with the  
 26           creditor upon which the debtor is entitled to draw  
 27           immediately; and

28           (3) the forbearance of debt arising from a loan.

29          Sec. 24. "Loan brokerage business" means any activity in which  
 30          a person, in return for any consideration from any source,  
 31          procures, attempts to procure, or assists in procuring, a mortgage  
 32          transaction from a third party or any other person, whether or not  
 33          the person seeking the mortgage transaction actually obtains the  
 34          mortgage transaction.

35          Sec. 25. "Loan processor or underwriter" means an individual  
 36          who performs clerical or support duties as an employee at the  
 37          direction of, and subject to the supervision and instruction of, a  
 38          person licensed to engage in mortgage transactions or a person  
 39          exempt from licensing. For purposes of this section, the term  
 40          "clerical or support duties" may include, after the receipt of an  
 41          application, the following:

42           (1) The receipt, collection, distribution, and analysis of





1 information common for the processing or underwriting of a  
2 mortgage transaction.

3 (2) The communication with a consumer to obtain the  
4 information necessary for the processing or underwriting of  
5 a loan, to the extent that the communication does not include:

6 (A) offering or negotiating loan rates or terms; or

7 (B) counseling consumers about mortgage transaction  
8 rates or terms.

9 The term does not include an individual who is an employee of a  
10 person that is not engaged in mortgage transactions as a creditor  
11 if that person is permitted to voluntarily register with the  
12 department to sponsor the individual under IC 37-1-1-6(8) to  
13 engage solely in the activities described in this subdivision.

14 Sec. 26. "Mortgage loan originator" means an individual who,  
15 for compensation or gain, or in the expectation of compensation or  
16 gain, regularly engages in taking a mortgage transaction  
17 application or in offering or negotiating the terms of a mortgage  
18 transaction that either is made under this article or under IC 37-2  
19 is made by an employee of a person licensed to engage in mortgage  
20 transactions or by an employee of a person that is exempt from  
21 licensing, while the employee is engaging in the loan brokerage  
22 business. The term does not include the following:

23 (1) An individual engaged solely as a loan processor or  
24 underwriter as long as the individual works exclusively as an  
25 employee of a person licensed to engage in mortgage  
26 transactions or as an employee of a person exempt from  
27 licensing. However, the term includes an individual who is  
28 licensed as a mortgage loan originator under this article and  
29 750 IAC 9-3 and who is an employee of a person that is not  
30 engaged in mortgage transactions as a creditor if that person  
31 voluntarily registers with the department to sponsor the  
32 individual under IC 37-1-1-6(8) to engage solely as a third  
33 party processor or underwriter.

34 (2) Unless the person or entity is compensated by:

35 (A) a creditor;

36 (B) a loan broker;

37 (C) another mortgage loan originator; or

38 (D) any agent of a creditor, a loan broker, or another  
39 mortgage loan originator described in clauses (A) through  
40 (C);

41 a person or entity that performs only real estate brokerage  
42 activities and is licensed or registered in accordance with



1 applicable state law.

2 (3) A person solely involved in extensions of credit relating to  
3 timeshare plans (as defined in 11 U.S.C. 101(53D)).

4 Sec. 27. "Mortgage servicer" means the last person to whom a  
5 mortgagor or the mortgagor's successor in interest has been  
6 instructed by a mortgagee to send payments on a loan secured by  
7 a mortgage.

8 Sec. 28. "Mortgage transaction" means:

9 (1) a consumer loan; or

10 (2) a consumer credit sale;

11 that is or will be used by the debtor primarily for personal, family,  
12 or household purposes and that is secured by a mortgage or a land  
13 contract (or another consensual security interest equivalent to a  
14 mortgage or a land contract) on a dwelling or on residential real  
15 estate upon which a dwelling is constructed or intended to be  
16 constructed.

17 Sec. 29. "Nationwide Multistate Licensing System and Registry"  
18 (or "Nationwide Mortgage Licensing System and Registry" or  
19 "NMLSR") means a multistate licensing system owned and  
20 operated by the State Regulatory Registry, LLC, or by any  
21 successor or affiliated entity, for the licensing and registration of  
22 creditors, mortgage loan originators, and other persons in the  
23 mortgage or financial services industries. The term includes any  
24 other name or acronym that may be assigned to the system by the  
25 State Regulatory Registry, LLC, or by any successor or affiliated  
26 entity.

27 Sec. 30. "Organization" means a corporation, a government or  
28 government subdivision, an agency, a trust, an estate, a  
29 partnership, a limited liability company, a cooperative, an  
30 association, a joint venture, an unincorporated organization, or  
31 any other entity, however organized.

32 Sec. 31. "Payable in installments", with respect to a debt or an  
33 obligation, means that payment is required or permitted by written  
34 agreement to be made in more than four (4) installments not  
35 including a down payment.

36 Sec. 32. "Person" includes an individual or an organization.

37 Sec. 33. "Principal" of a mortgage transaction means the total  
38 of:

39 (1) the net amount paid to, receivable by, or paid or payable  
40 for the account of the debtor; and

41 (2) to the extent that payment is deferred, amounts actually  
42 paid or to be paid by the creditor for registration, certificate



of title, or license fees if not included in subdivision (1).

**Sec. 34. "Real estate brokerage activity" means any activity that involves offering or providing real estate brokerage services to the public, including the following:**

(1) Acting as a real estate agent or real estate broker for a buyer, seller, lessor, or lessee of real property.

(2) Bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property.

(3) Negotiating, on behalf of any party, any part of a contract relating to the sale, purchase, lease, rental, or exchange of real property (other than in connection with providing financing with respect to the sale, purchase, lease, rental, or exchange of real property).

(4) Engaging in any activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law.

(5) Offering to engage in any activity, or act in any capacity, described in this subsection.

**Sec. 35. "Registered mortgage loan originator" means any individual who:**

(1) meets the definition of mortgage loan originator and is an employee of:

(A) a depository institution;

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

(C) an institution regulated by the Farm Credit Administration; and

(2) is registered with, and maintains a unique identifier through, the NMLSR.

**Sec. 36. "Regularly engaged", with respect to a person who extends or originates first lien mortgage transactions, refers to a person who:**

(1) extended or originated more than five (5) first lien mortgage transactions in the preceding calendar year; or

(2) extends or originates, or will extend or originate, more than five (5) first lien mortgage transactions in the current calendar year if the person did not extend or originate more than five (5) first lien mortgage transactions in the preceding calendar year.

**Sec. 37. "Residential real estate" means any real property that is located in Indiana and on which there is located or intended to**



1 be constructed a dwelling.

2 Sec. 38. "Revolving first lien mortgage transaction" means a  
3 first lien mortgage transaction in which:

- 4 (1) the creditor permits the debtor to obtain advances from  
5 time to time;  
6 (2) the unpaid balances of principal, finance charges, and  
7 other appropriate charges are debited to an account; and  
8 (3) the debtor has the privilege of paying the balances in  
9 installments.

10 Sec. 39. "Tablefunded" means a transaction in which:

- 11 (1) a person closes a first lien mortgage transaction in the  
12 person's own name as a mortgagee with funds provided by  
13 one (1) or more other persons; and  
14 (2) the transaction is assigned, not later than one (1) business  
15 day after the funding of the transaction, to the mortgage  
16 creditor providing the funding.

17 Sec. 40. "Unique identifier" means a number or other identifier  
18 assigned by protocols established by the NMLSR.

19 Chapter 3. Miscellaneous Provisions

20 Sec. 1. (a) A creditor or mortgage servicer shall provide, in  
21 writing, an accurate payoff amount for a first lien mortgage  
22 transaction to the debtor not later than seven (7) business days  
23 (excluding legal public holidays, Saturdays, and Sundays) after the  
24 creditor or mortgage servicer receives the debtor's written request  
25 for the accurate payoff amount. A payoff statement provided by a  
26 creditor or mortgage servicer under this subsection must show the  
27 date the statement was prepared and itemize the unpaid principal  
28 balance and each fee, charge, or other sum included within the  
29 payoff amount. A creditor or mortgage servicer who fails to  
30 provide an accurate payoff amount is liable for:

- 31 (1) one hundred dollars (\$100) if an accurate payoff amount  
32 is not provided by the creditor or mortgage servicer not later  
33 than seven (7) business days (excluding legal public holidays,  
34 Saturdays, and Sundays) after the creditor or mortgage  
35 servicer receives the debtor's first written request; and  
36 (2) the greater of:  
37 (A) one hundred dollars (\$100); or  
38 (B) the loan finance charge that accrues on the first lien  
39 mortgage transaction from the date the creditor or  
40 mortgage servicer receives the first written request until  
41 the date on which the accurate payoff amount is provided;  
42 if an accurate payoff amount is not provided by the creditor



or mortgage servicer not later than seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the creditor or mortgage servicer receives the debtor's second written request, and the creditor or mortgage servicer fails to comply with subdivision (1).

(b) This subsection applies to a first lien mortgage transaction, or the refinancing or consolidation of a first lien mortgage transaction, that:

(1) is closed after June 30, 2009; and

(2) has an interest rate that is subject to change at one (1) or more times during the term of the first lien mortgage transaction.

A creditor in a transaction to which this subsection applies may not contract for and may not charge the debtor a prepayment fee or penalty.

(c) This subsection applies to a first lien mortgage transaction with respect to which any installment or minimum payment due is delinquent for at least sixty (60) days. The creditor, servicer, or the creditor's agent shall acknowledge a written offer made in connection with a proposed short sale not later than five (5) business days (excluding legal public holidays, Saturdays, and Sundays) after the date of the offer if the offer complies with the requirements for a qualified written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or creditor's agent is required to acknowledge a written offer made in connection with a proposed short sale from a third party acting on behalf of the debtor only if the debtor has provided written authorization for the creditor, servicer, or creditor's agent to do so. Not later than thirty (30) business days (excluding legal public holidays, Saturdays, and Sundays) after receipt of an offer under this subsection, the creditor, servicer, or creditor's agent shall respond to the offer with an acceptance or a rejection of the offer. The thirty (30) day period described in this subsection may be extended for not more than fifteen (15) business days (excluding legal public holidays, Saturdays, and Sundays) if, before the end of the thirty (30) day period, the creditor, the servicer, or the creditor's agent notifies the debtor of the extension and the reason the extension is needed. Payment accepted by a creditor, servicer, or creditor's agent in connection with a short sale constitutes payment in full satisfaction of the first lien mortgage transaction unless the creditor, servicer, or creditor's agent obtains:

(1) the following statement: "The debtor remains liable for



1           any amount still owed under the first lien mortgage  
2           transaction."; or

3           (2) a statement substantially similar to the statement set forth  
4           in subdivision (1);

5           acknowledged by the initials or signature of the debtor, on or  
6           before the date on which the short sale payment is accepted. As  
7           used in this subsection, "short sale" means a transaction in which  
8           the property that is the subject of a first lien mortgage transaction  
9           is sold for an amount that is less than the amount of the debtor's  
10          outstanding obligation under the first lien mortgage transaction.  
11          A creditor or mortgage servicer that fails to respond to an offer  
12          within the time prescribed by this subsection is liable in accordance  
13          with 12 U.S.C. 2605(f) in any action brought under that section.

14          (d) This section is not intended to provide the owner of real  
15          estate subject to the issuance of process under a judgment or  
16          decree of foreclosure any protection or defense against a deficiency  
17          judgment for purposes of the borrower protections from liability  
18          that must be disclosed under 12 CFR 1026.38(p)(3) on the form  
19          required by 12 CFR 1026.38 ("Closing Disclosures" form under  
20          the Amendments to the 2013 Integrated Mortgage Disclosures Rule  
21          Under the Real Estate Settlement Procedures Act (Regulation X)  
22          and the Truth In Lending Act (Regulation Z) and the 2013 Loan  
23          Originator Rule Under the Truth in Lending Act (Regulation Z)).

24          Sec. 2. (a) Except as provided in subsection (b), the creditor  
25          shall comply with disclosure requirements applicable to first lien  
26          mortgage transactions in the Consumer Credit Protection Act (15  
27          U.S.C. 1601 et seq.).

28          (b) Disclosures are not required if the transaction is exempt  
29          from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

30          Sec. 3. (a) A violation of a state or federal law, regulation, or  
31          rule applicable to first lien mortgage transactions is a violation of  
32          this article.

33          (b) The department may enforce penalty provisions set forth in  
34          15 U.S.C. 1640 for violations of disclosure requirements applicable  
35          to first lien mortgage transactions.

36          Sec. 4. (a) Unless a person subject to this article has first  
37          obtained a mortgage license from the department and annually  
38          maintains the license, the person shall not engage in Indiana as a  
39          creditor in first lien mortgage transactions. A separate mortgage  
40          license is required for each legal entity that engages in Indiana as  
41          a creditor in first lien mortgage transactions. However, a separate  
42          mortgage license is not required for each branch of a legal entity



1 licensed by the department.

2 (b) Each:

3 (1) creditor licensed by the department to engage in mortgage  
4 transactions; and

5 (2) person exempt from licensing that:

6 (A) employs a licensed mortgage loan originator; or

7 (B) sponsors a licensed mortgage loan originator as  
8 permitted by IC 37-1-1-6(8) or by 750 IAC 9;

9 shall register with and maintain a valid unique identifier issued by  
10 the NMLSR. Each licensed mortgage loan originator must be  
11 employed by, or sponsored as permitted by IC 37-1-1-6(8) or by  
12 750 IAC 9, and associated with, a licensed creditor (or a person  
13 exempt from licensing) that is registered with the NMLSR.

14 (c) An individual engaging solely in loan processor or  
15 underwriter activities shall not represent to the public, through  
16 advertising or other means of communicating or providing  
17 information, including the use of business cards, stationery,  
18 brochures, signs, rate lists, or other promotional items, that the  
19 individual can or will perform any of the activities of a mortgage  
20 loan originator. An individual who:

21 (1) is licensed as a mortgage loan originator under this article  
22 and 750 IAC 9-3; and

23 (2) is sponsored by a person, as permitted by IC 37-1-1-6(8),  
24 to engage solely as a third party loan processor or  
25 underwriter;

26 is subject to the prohibition set forth in this subsection with respect  
27 to the individual's engagement under the sponsorship.

28 (d) An applicant for a mortgage license must apply for the  
29 license in the form prescribed by the director. Each form:

30 (1) must contain content as set forth by rule, instruction, or  
31 procedure of the director; and

32 (2) may be changed or updated as necessary by the director to  
33 carry out the purposes of this article.

34 (e) To fulfill the purposes of this article, the director may  
35 establish relationships or contracts with the NMLSR or other  
36 entities designated by the NMLSR to:

37 (1) collect and maintain records; and

38 (2) process transaction fees or other fees related to licensees  
39 or other persons subject to this article.

40 (f) For the purpose of participating in the NMLSR, the director  
41 or the department may:

42 (1) waive or modify, in whole or in part, by rule or order, any



1 of the requirements of this article; and

2 (2) establish new requirements as reasonably necessary to  
3 participate in the NMLSR.

4 Sec. 5. (a) The department shall receive and act on all  
5 applications for licenses to engage in first lien mortgage  
6 transactions. Applications must be made as prescribed by the  
7 director. If, at any time, the information or record contained in:

8 (1) an application filed under this section; or

9 (2) a renewal application filed under section 10 of this  
10 chapter;

11 is or becomes inaccurate or incomplete in a material respect, the  
12 applicant shall promptly file a correcting amendment with the  
13 department.

14 (b) A license may not be issued unless the department finds that  
15 the professional training and experience, financial responsibility,  
16 character, and fitness of:

17 (1) the applicant and any significant affiliate of the applicant;

18 (2) each executive officer, director, or manager of the  
19 applicant, or any other individual having a similar status or  
20 performing a similar function for the applicant; and

21 (3) if known, each person directly or indirectly owning of  
22 record or owning beneficially at least ten percent (10%) of the  
23 outstanding shares of any class of equity security of the  
24 applicant;

25 are such as to warrant belief that the business will be operated  
26 honestly and fairly within the purposes of this article.

27 (c) The director is entitled to request evidence of compliance  
28 with this section at:

29 (1) the time of application;

30 (2) the time of renewal of a license; or

31 (3) any other time considered necessary by the director.

32 (d) Evidence of compliance with this section must include:

33 (1) criminal background checks, as described in section 6 of  
34 this chapter, including a national criminal history background  
35 check (as defined in IC 10-13-3-12) by the Federal Bureau of  
36 Investigation, for any individual described in subsection (b);

37 (2) credit histories as described in section 7 of this chapter;

38 (3) surety bond requirements as described in section 8 of this  
39 chapter;

40 (4) a review of licensure actions in Indiana and in other states;  
41 and

42 (5) other background checks considered necessary by the





1 director.

2 (e) For purposes of this section and in order to reduce the points  
3 of contact that the director has to maintain for purposes of this  
4 section, the director may use the NMLSR as a channeling agent for  
5 requesting and distributing information to and from any source as  
6 directed by the director.

7 (f) The department may deny an application under this section  
8 if the director of the department determines that the application  
9 was submitted for the benefit of, or on behalf of, a person who does  
10 not qualify for a license.

11 (g) Upon written request, the applicant is entitled to a hearing  
12 on the question of the qualifications of the applicant for a license  
13 in the manner provided in IC 4-21.5.

14 (h) The applicant shall pay the following fees at the time  
15 designated by the department:

16 (1) An initial license fee as established by the department  
17 under IC 28-11-3-5.

18 (2) An annual renewal fee as established by the department  
19 under IC 28-11-3-5.

20 (3) Examination fees as established by the department under  
21 IC 28-11-3-5.

22 (i) A fee as established by the department under IC 28-11-3-5  
23 may be charged for each day a fee under subsection (h)(2) or (h)(3)  
24 is delinquent.

25 (j) Except in a transaction approved under section 20 of this  
26 chapter, a license issued under this section is not assignable or  
27 transferable.

28 (k) If the department of state revenue notifies the department  
29 that a person is on the most recent tax warrant list, the department  
30 shall not issue or renew the person's license until:

31 (1) the person provides to the department a statement from  
32 the department of state revenue that the person's tax warrant  
33 has been satisfied; or

34 (2) the department receives a notice from the commissioner of  
35 the department of state revenue under IC 6-8.1-8-2(k).

36 Sec. 6. (a) When the director requests a national criminal  
37 history background check under section 5(d)(1) of this chapter for  
38 an individual described in section 5(b) of this chapter, the director  
39 shall require the individual to submit fingerprints to the  
40 department, state police department, or NMLSR, as directed, at  
41 the time evidence of compliance is requested under section 5(c) of  
42 this chapter. The individual to whom the request is made shall pay



1 any fees or costs associated with processing and evaluating the  
 2 fingerprints and the national criminal history background check.  
 3 The national criminal history background check may be used by  
 4 the director to determine the individual's compliance with this  
 5 section. The director or the department may not release the results  
 6 of the national criminal history background check to any private  
 7 entity.

8 (b) For purposes of this section and in order to reduce the points  
 9 of contact that the Federal Bureau of Investigation may have to  
 10 maintain for purposes of this section, the director may use the  
 11 NMLSR as a channeling agent for requesting information from  
 12 and distributing information to the United States Department of  
 13 Justice or any governmental agency.

14 Sec. 7. (a) If the director requests a credit report for an  
 15 individual described in section 5(b) of this chapter, the individual  
 16 to whom the request is made shall pay any fees or costs associated  
 17 with procuring the report.

18 (b) The individual must submit personal history and experience  
 19 information in a form prescribed by the NMLSR, including the  
 20 submission of authorization for the NMLSR or the director to  
 21 obtain an independent credit report obtained from a consumer  
 22 reporting agency described in Section 603(p) of the Fair Credit  
 23 Reporting Act (15 U.S.C. 1681a(p)).

24 (c) The director may consider one (1) or more of the following  
 25 when determining if an individual has demonstrated financial  
 26 responsibility:

- 27 (1) Bankruptcies filed within the last ten (10) years.
- 28 (2) Current outstanding judgments, except judgments solely
- 29 as a result of medical expenses.
- 30 (3) Current outstanding tax liens or other government liens or
- 31 filings.
- 32 (4) Foreclosures within the past three (3) years.
- 33 (5) A pattern of serious delinquent accounts within the past
- 34 three (3) years.

35 Sec. 8. (a) Each:

- 36 (1) creditor; and
- 37 (2) person that is exempt (either under this article or under
- 38 IC 37-2) from licensing and that:
- 39 (A) employs a licensed mortgage loan originator; or
- 40 (B) sponsors a licensed mortgage loan originator as
- 41 permitted by IC 37-1-1-6(8) or by 750 IAC 9;

42 must be covered by a surety bond in accordance with this section.



1 (b) A surety bond must:

2 (1) provide coverage for:

3 (A) a creditor; or

4 (B) a person that is exempt from licensing and that  
5 employs a licensed mortgage loan originator, or that  
6 sponsors a licensed mortgage loan originator as permitted  
7 by IC 37-1-1-6(8) or by 750 IAC 9;

8 in an amount as prescribed in subsection (d);

9 (2) be in a form prescribed by the director;

10 (3) be in effect:

11 (A) during the term of the creditor's license; or

12 (B) at any time during which the person exempt from  
13 licensing employs a licensed mortgage loan originator or  
14 sponsors a licensed mortgage loan originator as permitted  
15 by IC 37-1-1-6(8) or by 750 IAC 9;

16 as applicable;

17 (4) subject to subsection (c), remain in effect during the two

18 (2) years after:

19 (A) the license of the creditor is surrendered or  
20 terminated; or

21 (B) the person exempt from licensing ceases to employ a  
22 licensed mortgage loan originator, or ceases to sponsor a  
23 licensed mortgage loan originator as permitted by  
24 IC 37-1-1-6(8) or by 750 IAC 9, or to offer financial  
25 services to individuals in Indiana, whichever is later;

26 as applicable;

27 (5) be payable to the department for the benefit of:

28 (A) the state; and

29 (B) individuals who reside in Indiana when they agree to  
30 receive financial services from the creditor or the person  
31 exempt from licensing, as applicable;

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

36 (7) have payment conditioned upon:

37 (A) the creditor's or any of the creditor's licensed  
38 mortgage loan originators'; or

39 (B) the exempt person's or any of the exempt person's  
40 licensed mortgage loan originators';

41 noncompliance with or violation of this chapter, 750 IAC 9, or  
42 other federal or state laws or regulations applicable to



- 1 mortgage lending.
- 2 (c) The director may adopt rules or guidance documents with
- 3 respect to the requirements for a surety bond as necessary to
- 4 accomplish the purposes of this article. Upon written request from:
- 5 (1) a creditor described in subsection (a)(1); or
- 6 (2) an exempt person described in subsection (a)(2);
- 7 the director may, at the discretion of the director, waive or shorten
- 8 the two (2) year period set forth in subsection (b)(4) during which
- 9 a surety bond required by this section must remain in effect after
- 10 the occurrence of an event described in subsection (b)(4)(A) or
- 11 (b)(4)(B), as applicable.
- 12 (d) The penal sum of the surety bond shall be maintained in an
- 13 amount that reflects the dollar amount of mortgage transactions
- 14 originated as determined by the director. If the principal amount
- 15 of a surety bond required under this section is reduced by payment
- 16 of a claim or judgment, the creditor or exempt person for whom
- 17 the bond is issued shall immediately notify the director of the
- 18 reduction and, not later than thirty (30) days after notice by the
- 19 director, file a new or an additional surety bond in an amount set
- 20 by the director. The amount of the new or additional bond set by
- 21 the director must be at least the amount of the bond before
- 22 payment of the claim or judgment.
- 23 (e) If for any reason a surety terminates a bond issued under
- 24 this section, the creditor or the exempt person shall immediately
- 25 notify the department and file a new surety bond in an amount
- 26 determined by the director.
- 27 (f) Cancellation of a surety bond issued under this section does
- 28 not affect any liability incurred or accrued during the period when
- 29 the surety bond was in effect.
- 30 (g) The director may obtain satisfaction from a surety bond
- 31 issued under this section if the director incurs expenses, issues a
- 32 final order, or recovers a final judgment under this chapter.
- 33 (h) Notices required under this section must be made in writing
- 34 and submitted through the NMLSR or any other electronic
- 35 registration system that may be approved by the director.
- 36 Sec. 9. (a) Subject to subsection (f), the director shall designate
- 37 the NMLSR to serve as the sole entity responsible for:
- 38 (1) processing applications and renewals for mortgage
- 39 licenses;
- 40 (2) issuing unique identifiers for licensees and persons exempt
- 41 from licensing that employ or sponsor a licensed mortgage
- 42 loan originator under this article; and



(3) performing other services that the director determines are necessary for the orderly administration of the department's mortgage licensing system.

(b) Subject to the confidentiality provisions contained in IC 5-14-3, this section, and IC 28-1-2-30, the director may regularly report significant or recurring violations of this article to the NMLSR.

(c) Subject to the confidentiality provisions contained in IC 5-14-3, this section, and IC 28-1-2-30, the director may report complaints received regarding mortgage licensees to the NMLSR.

(d) The director may report publicly adjudicated licensure actions against a licensee to the NMLSR.

(e) The director shall establish a process in which licensees may challenge information reported to the NMLSR by the department.

(f) The director's authority to designate the NMLSR under subsection (a) is subject to the following:

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

(A) obtain information from the NMLSR, unless the person is authorized to do so by statute;

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

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

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

(A) furnished by the director, the director's designee, or a licensee; or

(B) otherwise obtained by the NMLSR;

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

(3) Disclosure of documents, materials, and information:



- 1 (A) to the director; or
- 2 (B) by the director;
- 3 under this subsection does not result in a waiver of any
- 4 applicable privilege or claim of confidentiality with respect to
- 5 the documents, materials, or information.
- 6 (4) Information provided to the NMLSR is subject to
- 7 IC 4-1-11.
- 8 (5) This subsection does not limit or impair a person's right
- 9 to:
- 10 (A) obtain information;
- 11 (B) use information as evidence in a civil action or
- 12 proceeding; or
- 13 (C) use information to initiate a civil action or proceeding;
- 14 if the information may be obtained from the director or the
- 15 director's designee under any law.
- 16 (6) Except as otherwise provided in the federal Housing and
- 17 Economic Recovery Act of 2008 (Public Law 110-289, Section
- 18 1512), the requirements under any federal law or IC 5-14-3
- 19 regarding the privacy or confidentiality of any information or
- 20 material provided to the NMLSR, and any privilege arising
- 21 under federal or state law, including the rules of any federal
- 22 or state court, with respect to the information or material,
- 23 continue to apply to the information or material after the
- 24 information or material has been disclosed to the NMLSR.
- 25 The information and material may be shared with all state
- 26 and federal regulatory officials with mortgage industry
- 27 oversight authority without the loss of privilege or the loss of
- 28 confidentiality protections provided by federal law or
- 29 IC 5-14-3.
- 30 (7) For purposes of this section, the director may enter
- 31 agreements or sharing arrangements with other governmental
- 32 agencies, the Conference of State Bank Supervisors, the
- 33 American Association of Residential Mortgage Regulators, or
- 34 other associations representing governmental agencies, as
- 35 established by rule or order of the director.
- 36 (8) Information or material that is subject to a privilege or
- 37 confidentiality under subdivision (6) is not subject to:
- 38 (A) disclosure under any federal or state law governing the
- 39 disclosure to the public of information held by an officer or
- 40 an agency of the federal government or the respective
- 41 state; or
- 42 (B) subpoena, discovery, or admission into evidence in any



private civil action or administrative process, unless with respect to any privilege held by the NMLSR with respect to the information or material, the person to whom the information or material pertains waives, in whole or in part, in the discretion of the person, that privilege.

(9) Any provision of IC 5-14-3 that concerns the disclosure of:

(A) confidential supervisory information; or

(B) any information or material described in subdivision (6);

and that is inconsistent with subdivision (6) is superseded by this section.

(10) This section does not apply with respect to information or material that concerns the employment history of, and publicly adjudicated disciplinary and enforcement actions against, a person described in section 5(b) of this chapter and that is included in the NMLSR for access by the public.

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

(A) require review of; and

(B) make available;

the audited financial statements of the NMLSR.

(g) Notwithstanding any other provision of law, any:

(1) application, renewal, or other form or document that:

(A) relates to mortgage licenses issued by the department; and

(B) is made or produced in an electronic format;

(2) document filed as an electronic record in a multistate automated repository established and operated for the licensing or registration of mortgage lenders, brokers, or loan originators; or

(3) electronic record filed through the NMLSR;

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

**Sec. 10. (a)** A mortgage license issued by the department must be renewed through the NMLSR not later than December 31 of each calendar year. The minimum standards for license renewal for a creditor include the following:

(1) The creditor has continued to meet the surety bond requirement under section 8 of this chapter.

(2) The creditor has filed the creditor's call report in a



manner that satisfies section 19(d) of this chapter.

(3) The creditor has paid all required fees for renewal of the license.

(4) The creditor and individuals described in section 5(b) of this chapter have certified to the department that they continue to meet all the standards for licensing contained in section 5 of this chapter.

(5) The creditor has provided in the creditor's renewal application:

(A) any information describing material changes in the information contained in the creditor's original application for licensure, or in any previous application, including any previous renewal application; and

(B) any other information the director requires in order to evaluate the renewal of the license.

(b) A license issued by the department authorizing a person to engage in first lien mortgage transactions as a creditor under this article may be revoked or suspended by the department if the person fails to:

(1) file any renewal form required by the department; or

(2) pay any license renewal fee described under section 5 of this chapter;

not later than sixty (60) days after the due date.

(c) A person whose license is revoked or suspended under this section may do either of the following:

(1) Pay all delinquent fees and apply for reinstatement of the license.

(2) Appeal the revocation or suspension to the department for an administrative review under IC 4-21.5-3. Pending the decision resulting from the hearing under IC 4-21.5-3 concerning the license revocation or suspension, the license remains in force.

(d) If, at any time, the information or record contained in:

(1) an original application for licensure filed under section 5 of this chapter; or

(2) a renewal application filed under this section;

is or becomes inaccurate or incomplete in a material respect, the applicant shall promptly file a correcting amendment with the department.

Sec. 11. (a) The department may issue to a person licensed as a creditor to engage in first lien mortgage transactions an order to show cause why the person's license should not be revoked or





suspended for a period determined by the department.

(b) An order issued under subsection (a) must:

(1) include:

(A) a statement of the place, date, and time for a meeting with the department, which date may not be less than ten (10) days from the date of the order;

(B) a description of the action contemplated by the department; and

(C) a statement of the facts or conduct supporting the issuance of the order; and

(2) be accompanied by a notice stating that the licensee is entitled to:

(A) a reasonable opportunity to be heard; and

(B) show the licensee's compliance with all lawful requirements for retention of the license;

at the meeting described in subdivision (1)(A).

(c) After the meeting described in subsection (b)(1)(A), the department may revoke or suspend the license if the department finds that:

(1) the licensee has repeatedly and willfully violated:

(A) this article or any applicable rule, order, or guidance document adopted or issued by the department; or

(B) any other state or federal law, regulation, or rule applicable to first lien mortgage transactions;

(2) the licensee does not meet the licensing qualifications contained in section 5 of this chapter;

(3) the licensee obtained the license for the benefit of, or on behalf of, another person;

(4) the licensee knowingly or intentionally made material misrepresentations to, or concealed material information from, the department; or

(5) facts or conditions exist that, had they existed at the time the licensee applied for the license, would have been grounds for the department to deny the issuance of the license.

(d) Whenever the department revokes or suspends a license, the department shall enter an order to that effect and notify the licensee of:

(1) the revocation or suspension;

(2) if a suspension has been ordered, the duration of the suspension;

(3) the procedure for appealing the revocation or suspension under IC 4-21.5-3-6; and



1 (4) any other terms and conditions that apply to the  
2 revocation or suspension.

3 Not later than five (5) days after the entry of the order, the  
4 department shall deliver to the licensee a copy of the order and the  
5 findings supporting the order.

6 (e) Any person holding a license as a creditor to engage in first  
7 lien mortgage transactions may relinquish the license by notifying  
8 the department in writing of the relinquishment. However, a  
9 relinquishment under this subsection does not affect the person's  
10 liability for acts previously committed and coming within the scope  
11 of this article.

12 (f) If the director determines it to be in the public interest, the  
13 director may pursue revocation of a license of a licensee that has  
14 relinquished the license under subsection (e).

15 (g) If a person's license is revoked, suspended, or relinquished,  
16 the revocation, suspension, or relinquishment does not impair or  
17 affect any obligation owed by any person under any preexisting  
18 lawful contract.

19 (h) If the director has just cause to believe an emergency exists  
20 from which it is necessary to protect the interests of the public, the  
21 director may proceed with the revocation of a license through an  
22 emergency or another temporary order under IC 4-21.5-4.

23 Sec. 12. (a) If the director determines that a current or former  
24 director, an officer, or a manager of a creditor:

- 25 (1) has committed a violation of a statute, a rule, a final cease  
26 and desist order, any condition imposed in writing by the  
27 director in connection with the granting of any application or  
28 other request by the creditor, or any written agreement  
29 between the creditor and the director or the department;  
30 (2) has committed fraudulent or unconscionable conduct; or  
31 (3) has been convicted of a felony under the laws of Indiana or  
32 any other jurisdiction;

33 the director, subject to subsection (b), may issue and serve upon  
34 the officer, director, or manager a notice of the director's intent to  
35 issue an order removing the person from the person's office or  
36 employment, an order prohibiting any participation by the person  
37 in the conduct of the affairs of any creditor, or an order both  
38 removing the person and prohibiting the person's participation.

39 (b) A violation, practice, or breach specified in subsection (a) is  
40 subject to the authority of the director under subsections (a) and  
41 (c) if the director finds any of the following:

- 42 (1) The interests of the creditor's customers could be seriously



1 prejudiced by reason of the violation or practice.

2 (2) The violation, practice, or breach involves an act of fraud,  
3 dishonesty, theft, breach of trust, money laundering, or the  
4 wrongful taking of property on the part of the officer,  
5 director, or manager involved.

6 (3) The violation, practice, or breach demonstrates a willful  
7 or continuing disregard by the officer, director, or manager  
8 for state and federal laws and regulations, and for the  
9 consumer protections contained in this article.

10 (c) A person who has been convicted of a felony under the laws  
11 of Indiana or any other jurisdiction may not serve as an officer, a  
12 director, or a manager of a creditor, or serve in any similar  
13 capacity, unless the person obtains the written consent of the  
14 director.

15 (d) A creditor that willfully permits a person to serve the  
16 creditor in violation of subsection (c) is subject to a civil penalty of  
17 five hundred dollars (\$500) for each day the violation continues.

18 (e) A creditor shall give the department written notice of the  
19 resignation, discharge, or termination of an employee, independent  
20 contractor, or agent against whom allegations were made that  
21 accused the employee, independent contractor, or agent of:

22 (1) violating this article or other laws, regulations, rules, or  
23 industry standards of conduct applicable to first lien  
24 mortgage transactions; or

25 (2) fraud, dishonesty, theft, breach of trust, money  
26 laundering, or the wrongful taking of property.

27 The creditor shall provide the department the notice required  
28 under this subsection not later than thirty (30) days after the  
29 effective date of the resignation, discharge, or termination.

30 Sec. 13. (a) A notice issued under this chapter must:

31 (1) be in writing;

32 (2) contain a statement of the facts constituting the alleged  
33 practice, violation, or breach;

34 (3) state the facts alleged in support of the violation, practice,  
35 or breach;

36 (4) state the director's intention to enter an order under  
37 section 15(a) of this chapter;

38 (5) be delivered to the board of directors of the creditor;

39 (6) be delivered to the officer, director, or manager  
40 concerned;

41 (7) specify the procedures that must be followed to initiate a  
42 hearing to contest the facts alleged; and



1 (8) if the director suspends or prohibits an officer, a director,  
2 or a manager of the creditor from participating in the affairs  
3 of the creditor, as described in subsection (e), include a  
4 statement of the suspension or prohibition.

5 (b) If a hearing is requested not later than ten (10) days after  
6 service of the written notice, the department shall hold a hearing  
7 concerning the alleged practice, violation, or breach. The hearing  
8 shall be held not later than forty-five (45) days after receipt of the  
9 request. The department, based on the evidence presented at the  
10 hearing, shall enter a final order under section 15 of this chapter.

11 (c) If no hearing is requested within the time specified in  
12 subsection (b), the director may proceed to issue a final order  
13 under section 15 of this chapter on the basis of the facts set forth in  
14 the written notice.

15 (d) An officer, a director, or a manager who is removed from a  
16 position under a removal order that has become final may not  
17 participate in the conduct of the affairs of any mortgage licensee  
18 without the approval of the director.

19 (e) The director may, for the protection of the creditor or the  
20 interests of its customers, suspend from office or prohibit from  
21 participation in the affairs of the creditor an officer, a director, or  
22 a manager of a creditor who is the subject of a written notice  
23 served by the director under section 12(a) of this chapter. A  
24 suspension or prohibition under this subsection becomes effective  
25 upon service of the notice under section 12(a) of this chapter.  
26 Unless stayed by a court in a proceeding authorized by subsection  
27 (f), the suspension or prohibition remains in effect pending  
28 completion of the proceedings related to the notice served under  
29 section 12(a) of this chapter and until the effective date of an order  
30 entered by the department under subsection (b) or the director  
31 under subsection (c). Copies of the notice shall also be served upon  
32 the creditor or affiliate of which the person is an officer, a director,  
33 or a manager.

34 (f) Not more than fifteen (15) days after an officer, a director, or  
35 a manager has been suspended from office or prohibited from  
36 participation in the conduct of the affairs of the creditor or affiliate  
37 under subsection (e), the officer, director, or manager may apply  
38 to a court having jurisdiction for a stay of the suspension or  
39 prohibition pending completion of the proceedings related to the  
40 written notice served under section 12(a) of this chapter, and the  
41 court may stay the suspension or prohibition.

42 (g) The department shall maintain an official record of a



1 proceeding under this chapter.

2 Sec. 14. If the director enters into a consent to a final order  
3 under section 15 of this chapter with a creditor, a director, an  
4 officer, or a manager, the director is not required to issue and  
5 serve a notice of charges upon the creditor, director, officer, or  
6 manager under section 12 of this chapter. A consent agreement  
7 may be negotiated and entered into before or after the issuance of  
8 a notice of charges. The director shall provide a copy of the consent  
9 order to the board of directors of the creditor.

10 Sec. 15. (a) If, after a hearing described in section 13(b) of this  
11 chapter, the department finds that the conditions specified in  
12 section 12 of this chapter have been established, the department  
13 may issue a final order. If a hearing is not requested within the  
14 time specified in section 13(b) of this chapter, the director may  
15 issue a final order on the basis of the facts set forth in the written  
16 notice served under section 12(a) of this chapter.

17 (b) Unless the director has entered into a consent agreement  
18 described in section 14 of this chapter, a final order must include  
19 separately stated findings of fact and conclusions of law for all  
20 aspects of the order.

21 (c) In a final order under this section, the department or the  
22 director, as appropriate, may order one (1) or more of the  
23 following with respect to an officer, a director, or a manager of a  
24 creditor:

25 (1) The removal of the officer, director, or manager from the  
26 person's office, position, or employment.

27 (2) A prohibition against any participation by the officer,  
28 director, or manager in the conduct of the affairs of any  
29 creditor.

30 (3) If the subject of the order is an officer or a director of a  
31 creditor, and subject to section 17 of this chapter, the  
32 imposition of a civil penalty not to exceed fifteen thousand  
33 dollars (\$15,000) for each practice, violation, or act that:

34 (A) is described in section 12 of this chapter; and

35 (B) is found to exist by the department or the director.

36 (d) A final order shall be issued in writing not later than ninety  
37 (90) days after conclusion of a hearing held under section 13(b) of  
38 this chapter, unless this period is waived or extended with the  
39 written consent of all parties or for good cause shown.

40 (e) If the officer, director, or manager does not appear  
41 individually or by an authorized representative at a hearing held  
42 under section 13(b) of this chapter, the officer, director, or



1 manager is considered to have consented to the issuance of a final  
2 order.

3 (f) The remedies provided in this chapter are in addition to  
4 other remedies contained in this article.

5 Sec. 16. (a) A final order issued under this chapter is effective on  
6 the eleventh day after service of the order. However, a final order  
7 issued upon consent under section 14 of this chapter is effective at  
8 the time specified in the order.

9 (b) A final order remains effective and enforceable as provided  
10 in the order.

11 (c) The department or a reviewing court may stay, modify, or  
12 vacate a final order.

13 Sec. 17. (a) The director or the department, as appropriate, shall  
14 consider the following factors in determining the amount of a civil  
15 penalty that should be assessed against a director or an officer in  
16 a final order issued under section 15(c)(3) of this chapter:

17 (1) The appropriateness of the civil penalty with respect to the  
18 financial resources and good faith of the individual charged.

19 (2) The gravity of the practice, violation, or act.

20 (3) The history of previous practices, violations, or acts.

21 (4) The economic benefit derived by the individual from the  
22 practice, violation, or act.

23 (5) Other factors that justice requires.

24 (b) A creditor may not indemnify a director or an officer for a  
25 civil penalty imposed in a final order under section 15(c)(3) of this  
26 chapter.

27 (c) Civil penalties shall be deposited in the financial institutions  
28 fund established by IC 28-11-2-9.

29 Sec. 18. The director may enforce any of the following by  
30 applying for appropriate relief to a court having jurisdiction:

31 (1) An order issued under this chapter.

32 (2) A written agreement entered into by the department or the  
33 director and any director, officer, or employee of a creditor.

34 (3) Any condition imposed in writing by the department or the  
35 director on any director, officer, or employee of a creditor.

36 Sec. 19. (a) Every licensee shall maintain records in a manner  
37 that will enable the department to determine whether the licensee  
38 is complying with this article. The record keeping system of a  
39 licensee is sufficient if the licensee makes the required information  
40 reasonably available. The department shall determine the  
41 sufficiency of the records and whether the licensee has made the  
42 required information reasonably available. The department shall



1 be given free access to the records wherever the records are  
 2 located. Records concerning any first lien mortgage transaction  
 3 shall be retained for two (2) years after the making of the final  
 4 entry relating to the transaction, but in the case of a revolving first  
 5 lien mortgage transaction, the two (2) years required under this  
 6 subsection is measured from the date of each entry relating to the  
 7 transaction. A person that voluntarily registers with the  
 8 department under IC 37-1-1-6(8) for the purpose of sponsoring  
 9 licensed mortgage loan originators shall:

10 (1) cooperate with the department; and

11 (2) provide access to records and documents;

12 as required by the department in carrying out examinations of the  
 13 activities of the licensed mortgage loan originators sponsored by  
 14 the person.

15 (b) The unique identifier of any person originating a mortgage  
 16 transaction must be clearly shown on all mortgage transaction  
 17 application forms and any other documents as required by the  
 18 director.

19 (c) Every licensee shall use automated examination and  
 20 regulatory software designated by the director, including third  
 21 party software. Use of the software consistent with guidance and  
 22 policies issued by the director is not a violation of IC 28-1-2-30.

23 (d) Each:

24 (1) creditor licensed to engage in mortgage transactions by the  
 25 department; and

26 (2) person that is exempt from licensing and that:

27 (A) employs one (1) or more licensed mortgage loan  
 28 originators; or

29 (B) sponsors one (1) or more licensed mortgage loan  
 30 originators as permitted by IC 37-1-1-6(8) or by 750  
 31 IAC 9;

32 shall submit to the NMLSR reports of condition, which must be in  
 33 a form and must contain information as required by the NMLSR.

34 (e) Each:

35 (1) creditor licensed by the department to engage in mortgage  
 36 transactions; and

37 (2) person that is exempt from licensing and that:

38 (A) employs one (1) or more licensed mortgage loan  
 39 originators; or

40 (B) sponsors one (1) or more licensed mortgage loan  
 41 originators as permitted by IC 37-1-1-6(8) or by 750  
 42 IAC 9;



1 shall file with the department additional financial statements  
 2 relating to all first lien mortgage transactions originated by the  
 3 licensed creditor or the exempt person as required by the  
 4 department, but not more frequently than annually, in the form  
 5 prescribed by the department.

6 (f) A licensed creditor shall file notification with the department  
 7 if the licensee:

- 8 (1) has a change in name, address, or any of its principals;
- 9 (2) opens a new branch, closes an existing branch, or relocates  
 10 an existing branch;
- 11 (3) files for bankruptcy or reorganization; or
- 12 (4) is subject to revocation or suspension proceedings by a  
 13 state or governmental authority with regard to the licensed  
 14 creditor's activities;

15 not later than thirty (30) days after the date of the event described  
 16 in this subsection.

17 (g) A licensee shall file notification with the department if the  
 18 licensee or any director, executive officer, or manager of the  
 19 licensee has been convicted of a felony under the laws of Indiana or  
 20 any other jurisdiction. The licensee shall file the notification  
 21 required by this subsection not later than thirty (30) days after the  
 22 date of the event described in this subsection.

23 (h) A licensee shall file notification with the department if the  
 24 licensee or any director, executive officer, or manager of the  
 25 licensee has had the person's authority to do business in the  
 26 securities, commodities, banking, financial services, insurance, real  
 27 estate, or real estate appraisal industry revoked or suspended by  
 28 Indiana or by any other state, federal, or foreign governmental  
 29 agency or self-regulatory organization. The licensee shall file the  
 30 notification required by this subsection not later than thirty (30)  
 31 days after the date of the event described in this subsection.

32 Sec. 20. (a) As used in this section, "control" means possession  
 33 of the power directly or indirectly to:

- 34 (1) direct or cause the direction of the management or policies  
 35 of a creditor, whether through the beneficial ownership of  
 36 voting securities, by contract, or otherwise; or
- 37 (2) vote at least twenty-five percent (25%) of the voting  
 38 securities of a creditor, whether the voting rights are derived  
 39 through the beneficial ownership of voting securities, by  
 40 contract, or otherwise.

41 (b) An organization or an individual acting directly, indirectly,  
 42 or through or in concert with one (1) or more other organizations





1 or individuals may not acquire control of any creditor unless the  
 2 department has received and approved an application for change  
 3 in control. The department has not more than one hundred twenty  
 4 (120) days after receipt of an application to issue a notice  
 5 approving the proposed change in control. The application must  
 6 contain the name and address of the organization, individual, or  
 7 individuals who propose to acquire control and any other  
 8 information required by the director.

9 (c) The period for approval under subsection (b) may be  
 10 extended:

11 (1) in the discretion of the director for an additional thirty  
 12 (30) days; and

13 (2) not more than two (2) additional times for not more than  
 14 forty-five (45) days each time if:

15 (A) the director determines that the organization,  
 16 individual, or individuals who propose to acquire control  
 17 have not submitted substantial evidence of the  
 18 qualifications described in subsection (d);

19 (B) the director determines that any material information  
 20 submitted is substantially inaccurate; or

21 (C) the director has been unable to complete the  
 22 investigation of the organization, individual, or individuals  
 23 who propose to acquire control because of any delay  
 24 caused by or the inadequate cooperation of the  
 25 organization, individual, or individuals.

26 (d) The department shall issue a notice approving the  
 27 application only after it is satisfied that both of the following apply:

28 (1) The organization, individual, or individuals who propose  
 29 to acquire control are qualified by competence, experience,  
 30 character, and financial responsibility to control and operate  
 31 the creditor in a legal and proper manner.

32 (2) The interests of the owners and creditors of the creditor  
 33 and the interests of the public generally will not be  
 34 jeopardized by the proposed change in control.

35 (e) The director may determine, in the director's discretion, that  
 36 subsection (b) does not apply to a transaction if the director  
 37 determines that the direct or beneficial ownership of the creditor  
 38 will not change as a result of the transaction.

39 (f) The president or other chief executive officer of a creditor  
 40 shall report to the director any transfer or sale of securities of the  
 41 creditor that results in direct or indirect ownership by a holder or  
 42 an affiliated group of holders of at least ten percent (10%) of the



1 outstanding securities of the creditor. The report required by this  
 2 subsection must be made not later than ten (10) days after the  
 3 transfer of the securities on the books of the creditor.

4 (g) Depending on the circumstances of the transaction, the  
 5 director may reserve the right to require the organization,  
 6 individual, or individuals who propose to acquire control of a  
 7 creditor licensed by the department to engage in mortgage  
 8 transactions, to apply for a new license under section 4 of this  
 9 chapter, instead of acquiring control of the licensee under this  
 10 section.

11 Sec. 21. A creditor in a first lien mortgage transaction shall  
 12 comply with IC 6-1.1-12-43, to the extent applicable.

13 Sec. 22. (a) A violation by a creditor in a first lien mortgage  
 14 transaction of Section 125 of the Consumer Credit Protection Act  
 15 (15 U.S.C. 1635) (concerning a debtor's right to rescind a  
 16 transaction) constitutes a violation of this article. A creditor may  
 17 not accrue interest during the period when a first lien mortgage  
 18 transaction may be rescinded under Section 125 of the Consumer  
 19 Credit Protection Act (15 U.S.C. 1635).

20 (b) A creditor must make available for disbursement the  
 21 proceeds of a transaction subject to subsection (a) on the later of:

- 22 (1) the date the creditor is reasonably satisfied that the debtor
- 23 has not rescinded the transaction; or
- 24 (2) the first business day after the expiration of the rescission
- 25 period under subsection (a).

26 Sec. 23. A creditor in a first lien mortgage transaction that:

- 27 (1) qualifies as a home equity conversion mortgage under the
- 28 Federal Housing Administration's program; or
- 29 (2) otherwise constitutes a reverse mortgage;

30 shall provide the debtor with a pamphlet that is approved by the  
 31 department and that describes the availability of reverse mortgage  
 32 counseling services provided by housing counselors approved by  
 33 the Secretary of the United States Department of Housing and  
 34 Urban Development, as provided in 24 CFR 206.41(a). The debtor  
 35 must receive the counseling described in this section and present  
 36 the creditor with the certificate described in 24 CFR 206.41(c)  
 37 before the creditor may make a first lien mortgage transaction  
 38 described in this section to the debtor.

#### 39 Chapter 4. Administration

40 Sec. 1. This chapter applies to a person that engages as a  
 41 creditor in first lien mortgage transactions in Indiana. The  
 42 authority of this chapter remains in effect, whether a licensee,



1 individual, or person subject to this article acts or claims to act  
 2 under any licensing or registration law of Indiana or claims to act  
 3 without such authority.

4 **Sec. 2. (a) In addition to other powers granted by this article,**  
 5 **the department within the limitations provided by law may:**

6 (1) receive and act on complaints, take action designed to  
 7 obtain voluntary compliance with this article, or commence  
 8 proceedings on the department's own initiative;

9 (2) counsel persons and groups on their rights and duties  
 10 under this article;

11 (3) establish programs for the education of consumers with  
 12 respect to credit practices and problems;

13 (4) make studies appropriate to effectuate the purposes and  
 14 policies of this article and make the results available to the  
 15 public;

16 (5) adopt, amend, and repeal rules, orders, policies, and forms  
 17 to carry out the provisions of this article;

18 (6) maintain more than one (1) office within Indiana; and

19 (7) appoint any necessary attorneys, hearing examiners,  
 20 clerks, and other employees and agents and fix their  
 21 compensation, and authorize attorneys appointed under this  
 22 section to appear for and represent the department in court.

23 **(b) Liability may not be imposed under this article for an act**  
 24 **done or omitted in conformity with a rule, written notice, written**  
 25 **opinion, written interpretation, or written directive of the**  
 26 **department notwithstanding the fact that after the act is done or**  
 27 **omitted the rule, written notice, written opinion, written**  
 28 **interpretation, or written directive may be:**

29 (1) amended or repealed; or

30 (2) determined by judicial or other authority to be invalid;  
 31 for any reason.

32 **Sec. 3. (a) In administering this article and in order to determine**  
 33 **whether the provisions of this article are being complied with by**  
 34 **persons engaging in acts subject to this article, the department may**  
 35 **examine the records of persons and may make investigations of**  
 36 **persons as may be necessary to determine compliance. Records**  
 37 **subject to examination under this section include the following:**

38 (1) Training, operating, and policy manuals.

39 (2) Minutes of:

40 (A) management meetings; and

41 (B) other meetings.

42 (3) Financial records, credit files, and data bases.



1           (4) Other records that the department determines are  
2           necessary to perform its investigation or examination.

3           The department may also administer oaths or affirmations,  
4           subpoena witnesses, and compel the attendance of witnesses,  
5           including officers, principals, mortgage loan originators,  
6           employees, independent contractors, agents, and customers of  
7           licensees, and other individuals or persons subject to this article.  
8           The department may also adduce evidence and require the  
9           production of any matter that is relevant to an investigation. The  
10          department shall determine the sufficiency of the records  
11          maintained and whether the person has made the required  
12          information reasonably available. The records concerning any  
13          transaction subject to this article shall be retained for two (2) years  
14          after the making of the final entry relating to the first lien  
15          mortgage transaction, but in the case of a revolving first lien  
16          mortgage transaction the two (2) year period is measured from the  
17          date of each entry.

18          (b) The department's examination and investigatory authority  
19          under this article includes the following:

20               (1) The authority to require a creditor to refund overcharges  
21               resulting from the creditor's noncompliance with the terms of  
22               a first lien mortgage transaction.

23               (2) The authority to require a creditor to comply with the  
24               penalty provisions set forth in IC 37-1-3-1.

25               (3) The authority to investigate complaints filed with the  
26               department by debtors.

27          (c) The department shall be given free access to the records  
28          wherever the records are located. In making any examination or  
29          investigation authorized by this article, the director may control  
30          access to any documents and records of the licensee or person  
31          under examination or investigation. The director may take  
32          possession of the documents and records or place a person in  
33          exclusive charge of the documents and records in the place where  
34          the documents are usually kept. During the period of control, a  
35          licensee or person may not remove or attempt to remove any of the  
36          documents and records except under a court order or with the  
37          consent of the director. Unless the director has reasonable grounds  
38          to believe the documents or records of the licensee or person have  
39          been, or are, at risk of being altered or destroyed for purposes of  
40          concealing a violation of this article, the licensee or person shall  
41          have access to the documents or records as necessary to conduct  
42          the licensee's or person's ordinary business affairs. If the person's



1 records are located outside Indiana, the records shall be made  
 2 available to the department at a convenient location within  
 3 Indiana, or the person shall pay the reasonable and necessary  
 4 expenses for the department or the department's representative to  
 5 examine the records where they are maintained. The department  
 6 may designate comparable officials of the state in which the  
 7 records are located to inspect the records on behalf of the  
 8 department.

9 (d) Upon a person's failure without lawful excuse to obey a  
 10 subpoena or to give testimony and upon reasonable notice by the  
 11 department to all affected persons, the department may apply to  
 12 any civil court with jurisdiction for an order compelling  
 13 compliance.

14 (e) The department shall not make public:

- 15 (1) the name or identity of a person whose acts or conduct the
- 16 department investigates under this section; or
- 17 (2) the facts discovered in the investigation.

18 However, this subsection does not apply to civil actions or  
 19 enforcement proceedings under this article.

20 (f) To discover violations of this article or to secure information  
 21 necessary for the enforcement of this article, the department may  
 22 investigate any:

- 23 (1) licensee; or
- 24 (2) person that the department suspects to be operating:
  - 25 (A) without a license, when a license is required under this
  - 26 article; or
  - 27 (B) otherwise in violation of this article.

28 The department has all investigatory and enforcement authority  
 29 under this article that the department has under IC 28-11 with  
 30 respect to financial institutions. If the department conducts an  
 31 investigation under this section, the licensee or other person  
 32 investigated shall pay all reasonably incurred costs of the  
 33 investigation in accordance with the fee schedule adopted under  
 34 IC 28-11-3-5. Any costs required to be paid under this section shall  
 35 be paid not later than sixty (60) days after the person being  
 36 assessed the costs receives a notice from the department of the  
 37 costs assessed. The department may impose a fee, in an amount  
 38 fixed by the department under IC 28-11-3-5, for each day the  
 39 assessed costs are not paid, beginning on the first day after the  
 40 sixty (60) day period described in this subsection.

41 (g) If a creditor contracts with an outside vendor to provide a  
 42 service that would otherwise be undertaken internally by the



creditor and be subject to the department's routine examination procedures, the person that provides the service to the creditor shall, at the request of the director, submit to an examination by the department. If the director determines that an examination under this subsection is necessary or desirable, the examination may be made at the expense of the person to be examined. If the person to be examined under this subsection refuses to permit the examination to be made, the director may order any creditor that is licensed by the department to engage in mortgage transactions and that receives services from the person refusing the examination to:

(1) discontinue receiving one (1) or more services from the person; or

(2) otherwise cease conducting business with the person.

Sec. 4. To carry out the purposes of this article, the director may:

(1) retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or investigations;

(2) enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing:

(A) resources;

(B) standardized or uniform methods or procedures; and

(C) documents, records, information, or evidence obtained under this section;

(3) use, hire, contract, or employ public or privately available analytical systems, methods, or software to examine or investigate a licensee, an individual, or a person subject to this article;

(4) accept and rely on examination or investigation reports made by other government officials within or outside Indiana; and

(5) accept audit reports made by an independent certified public accountant for the licensee, individual, or person subject to this article in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of the examination, report of investigation, or other writing of the director.

Sec. 5. It is a violation of this article for a person or individual



1 subject to this article to:

2 (1) directly or indirectly employ any scheme, device, or  
3 artifice to defraud or mislead borrowers or lenders or to  
4 defraud any person;

5 (2) engage in any unfair or deceptive practice toward any  
6 person;

7 (3) obtain property by fraud or misrepresentation;

8 (4) solicit or enter into a contract with a borrower that  
9 provides in substance that the person or individual subject to  
10 this article may earn a fee or commission through "best  
11 efforts" to obtain a loan even though no loan is actually  
12 obtained for the borrower;

13 (5) solicit, advertise, or enter into a contract for specific  
14 interest rates, points, or other financing terms unless the  
15 terms are actually available at the time of soliciting,  
16 advertising, or contracting;

17 (6) conduct any business covered by this article without  
18 holding a valid license as required under this article, or assist  
19 or aid and abet any person in the conduct of business under  
20 this article without a valid license as required under this  
21 article;

22 (7) fail to make disclosures as required by this article or  
23 regulation adopted under this article and any other applicable  
24 state or federal law regulation;

25 (8) fail to comply with this article or rules adopted under this  
26 article, or fail to comply with any other state or federal law,  
27 rule, or regulation, applicable to any business authorized or  
28 conducted under this article;

29 (9) make, in any manner, any false or deceptive statement or  
30 representation, with regard to the rates, points, or other  
31 financing terms or conditions for a mortgage transaction, or  
32 engage in bait and switch advertising;

33 (10) negligently make any false statement or knowingly and  
34 willfully make any omission of material fact in connection  
35 with any information or reports filed with a governmental  
36 agency or the NMLSR or in connection with any investigation  
37 conducted by the director or another governmental agency;

38 (11) make any payment, threat, or promise, directly or  
39 indirectly, to any person for the purposes of influencing the  
40 independent judgment of the person in connection with a  
41 mortgage transaction, or make any payment, threat, or  
42 promise, directly or indirectly, to any appraiser of a property,



for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property;

(12) collect, charge, attempt to collect or charge, or use or propose any agreement purporting to collect or charge any fee prohibited by this article;

(13) cause or require a borrower to obtain property insurance coverage in an amount that exceeds the replacement cost of the improvements as established by the property insurer;

(14) fail to account truthfully for money belonging to a party to a mortgage transaction; or

(15) knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information subject to examination under this article.

Sec. 6. Except as otherwise provided, IC 4-21.5-3 governs any action taken by the department under this chapter or IC 37-1-3-4 through IC 37-1-3-19. IC 4-22-2 applies to the adoption of rules by the department under this article. All proceedings for administrative review under IC 4-21.5-3 or judicial review under IC 4-21.5-5 shall be held in Marion County.

Sec. 7. (a) After notice and hearing, the department may order a creditor or a person acting on behalf of the creditor to cease and desist from engaging in violations of this article. In any civil court with jurisdiction:

(1) a respondent aggrieved by an order of the department may obtain judicial review of the order; and

(2) the department may obtain an order of the court for the enforcement of the department's order.

A proceeding for review or enforcement under this subsection shall be initiated by the filing of a petition in the court. Copies of the petition shall be served upon all parties of record.

(b) Not later than thirty (30) days after service of a petition for review upon the department under subsection (a), or within such further time as the court may allow, the department shall transmit to the court the original or a certified copy of the entire record upon which the order that is the subject of the review is based, including any transcript of testimony, which need not be printed. By stipulation of all parties to the review proceeding, the record may be shortened. After conducting a hearing on the matter, the court may:

(1) reverse or modify the order if the findings of fact of the department are clearly erroneous in view of the reliable, probative, and substantial evidence in the whole record;





1 (2) grant any temporary relief or restraining order the court  
2 considers just; and

3 (3) enter an order:

4 (A) enforcing;

5 (B) modifying;

6 (C) enforcing as modified; or

7 (D) setting aside;

8 in whole or in part, the order of the department; or

9 (4) enter an order remanding the case to the department for  
10 further proceedings.

11 (c) An objection not urged at the hearing shall not be considered  
12 by the court unless the failure to urge the objection is excused for  
13 good cause shown. A party may move the court to remand the case  
14 to the department in the interest of justice for the purpose of:

15 (1) adducing additional specified and material evidence; and

16 (2) seeking a finding upon such evidence;

17 upon good cause shown for the failure to previously adduce this  
18 evidence before the department.

19 (d) The jurisdiction of the court is exclusive and the court's final  
20 judgment or decree is subject to review on appeal in the same  
21 manner and form and with the same effect as in appeals from a  
22 final judgment or decree. The department's copy of the testimony  
23 shall be available at reasonable times to all parties for examination  
24 without cost.

25 (e) A proceeding for review under this section must be initiated  
26 not later than thirty (30) days after a copy of the order of the  
27 department is received. If a proceeding is not initiated within the  
28 time set forth in this subsection, the department may obtain a  
29 decree of a civil court with jurisdiction for enforcement of the  
30 department's order upon a showing that:

31 (1) the order was issued in compliance with this section;

32 (2) a proceeding for review was not initiated within the thirty  
33 (30) day period prescribed by this subsection; and

34 (3) the respondent is subject to the jurisdiction of the court.

35 (f) With respect to unconscionable agreements or fraudulent or  
36 unconscionable conduct by a respondent, the department may not  
37 issue an order under this section but may bring a civil action for an  
38 injunction under section 12 of this chapter.

39 Sec. 8. If it is claimed that a person has engaged in conduct  
40 subject to an order by:

41 (1) the department under section 7(a) of this chapter; or

42 (2) a court under sections 9 through 11 of this chapter;



1 the department may accept an assurance in writing that the person  
 2 will not engage in the conduct in the future. If a person giving an  
 3 assurance of discontinuance fails to comply with the terms of the  
 4 assurance, the assurance is evidence that before the assurance was  
 5 issued the person engaged in the conduct described in the  
 6 assurance.

7 Sec. 9. The department may bring a civil action to restrain a  
 8 person from violating this article or other state or federal law, rule,  
 9 or regulation and for other appropriate relief.

10 Sec. 10. (a) As used in this section, "deceptive act" means an act  
 11 or a practice in which a person knowingly or intentionally:

- 12 (1) makes a material misrepresentation concerning; or
- 13 (2) conceals material information regarding the terms or
- 14 conditions of;

15 a first lien mortgage transaction.

16 (b) For purposes of this section, "knowingly" means having  
 17 actual knowledge at the time of the transaction.

18 (c) The department may bring a civil action to enjoin a  
 19 deceptive act performed in connection with a first lien mortgage  
 20 transaction.

21 Sec. 11. With respect to an action brought under:

- 22 (1) section 9 of this chapter to enjoin violations of this article;
- 23 or
- 24 (2) section 10 of this chapter to enjoin deceptive acts;

25 the department may apply to the court for appropriate temporary  
 26 relief against a respondent, pending final determination of the  
 27 proceedings. If the court finds after a hearing held upon notice to  
 28 the respondent that there is reasonable cause to believe that the  
 29 respondent is engaging in or is likely to engage in the conduct  
 30 sought to be restrained, the court may grant any temporary relief  
 31 or restraining order the court considers appropriate.

32 Sec. 12. (a) The department may bring a civil action against a  
 33 creditor or a person acting on behalf of the creditor to recover a  
 34 civil penalty for willfully violating this article. If the court finds  
 35 that the defendant has engaged in a course of repeated and willful  
 36 violations of this article, the court may assess a civil penalty of not  
 37 more than five thousand dollars (\$5,000). A civil penalty may not  
 38 be imposed under this subsection:

- 39 (1) for violations of this article occurring more than two (2)
- 40 years before the action is brought; or
- 41 (2) for making unconscionable agreements or engaging in a
- 42 course of fraudulent or unconscionable conduct.



1 (b) If the department determines, after notice and an  
 2 opportunity to be heard, that a person has violated this article, the  
 3 department may, in addition to or instead of all other remedies  
 4 available under this section, impose upon the person a civil penalty  
 5 not greater than ten thousand dollars (\$10,000) per violation.

6 (c) If the department determines, after notice and opportunity  
 7 to be heard, that a person has willfully violated this article, the  
 8 department may, in addition to or instead of all other remedies  
 9 available under this section, order restitution against the person  
 10 subject to this article for a violation of this article.

11 Sec. 13. The grant of powers to the department under this  
 12 article does not affect remedies available to debtors under this  
 13 article or under other principles of law or equity.

14 Sec. 14. The department may bring an action or a proceeding in  
 15 a court in a county:

16 (1) in which an act on which the action or proceeding is based  
 17 occurred;

18 (2) in which the respondent resides or transacts business; or

19 (3) in which the action or proceeding is otherwise authorized  
 20 by rule or venue laws.

## 21 ARTICLE 2. UNIFORM CONSUMER CREDIT CODE

### 22 Chapter 1. General Provisions

23 Sec. 0.1. This article must be construed as a recodification of  
 24 prior law. The enactment of this article by SEA 169-2026 does not  
 25 affect the substantive operation and effect of the prior law.

26 Sec. 0.3. A contract entered into in accordance with IC 24-4.5  
 27 (before its repeal) is considered a contract entered into in  
 28 accordance with this article.

29 Sec. 0.5. Any document, website, or business communication  
 30 created in accordance with IC 24-4.5 (before its repeal) is  
 31 considered a document, website, or business communication  
 32 created in accordance with this article.

33 Sec. 1. (a) This article shall be liberally construed and applied  
 34 to promote the following underlying purposes and policies of this  
 35 article:

36 (1) To simplify, clarify, and modernize the law governing  
 37 retail installment sales, consumer credit, small loans, and  
 38 usury.

39 (2) To provide rate ceilings to assure an adequate supply of  
 40 credit to consumers.

41 (3) To further consumer understanding of the terms of credit  
 42 transactions and to foster competition among suppliers of



consumer credit so that consumers may obtain credit at reasonable cost.

(4) To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors.

(5) To permit and encourage the development of fair and economically sound consumer credit practices.

(6) To conform the regulation of consumer credit transactions to the policies of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) and to applicable state and federal laws, rules, regulations, policies, and guidance.

(7) To make uniform the law, including administrative rules, among the various jurisdictions.

(b) A reference to a requirement imposed by this article includes reference to a related rule or guidance of the department adopted pursuant to this article.

(c) A reference to a federal law in this article is a reference to the law as in effect December 31, 2024.

(d) This article applies to a transaction if the director determines that the transaction:

- (1) is in substance a disguised consumer credit transaction; or
- (2) involves the application of subterfuge for the purpose of avoiding this article.

A determination by the director under this subsection must be in writing and shall be delivered to all parties to the transaction. IC 4-21.5-3 applies to a determination made under this subsection.

(e) The authority of this article remains in effect, whether a licensee, an individual, or a person subject to this article acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

(f) A violation of a state or federal law, regulation, or rule applicable to consumer credit transactions is a violation of this article.

(g) The department may enforce penalty provisions set forth in 15 U.S.C. 1640 for violations of disclosure requirements applicable to mortgage transactions.

**Sec. 2.** Unless displaced by the particular provisions of this article, the Uniform Commercial Code (IC 26-1) and the principles of law and equity (including the law relative to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, or other validating or



1       invalidating cause) shall supplement the provisions of this article.

2       Sec. 3. This article is a general statute intended to provide  
3       unified coverage of its subject matter. Subsequent legislation may  
4       not be construed to repeal any part of the article by implication if  
5       the construction can reasonably be avoided.

6       Sec. 4. The provisions of this article are severable, so that if:

7           (1) any provisions of this article; or

8           (2) the application of this article to any person or  
9       circumstances;

10      is held invalid, the invalidity does not affect other provisions or  
11      applications of this article that can be given effect without the  
12      invalid provision or application.

13      Sec. 5. (a) The dollar amounts in this article designated as  
14      subject to change shall change, as provided in this section,  
15      according to the Consumer Price Index for Urban Wage Earners  
16      and Clerical Workers: U.S. City Average, All Items, 1957-59 equals  
17      100, compiled by Bureau of Labor Statistics, United States  
18      Department of Labor, and referred to in this section as the Index.  
19      The Index for October 1971, is the Reference Base Index.

20      (b) The dollar amounts shall change on January 1 of each  
21      odd-numbered year if the percentage of change, calculated to the  
22      nearest whole percentage point, between the Index at the end of the  
23      preceding odd-numbered year and the Reference Base Index is ten  
24      percent (10%) or more, except that:

25           (1) the portion of the percentage change in the Index in excess  
26           of a multiple of ten percent (10%) shall be disregarded and  
27           the dollar amounts shall change only in multiples of ten  
28           percent (10%) of the amounts on March 5, 1971;

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

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

35      (c) If the Index is revised after December 1967, the percentage  
36      of change shall be calculated on the basis of the revised Index. If  
37      the revision of the Index changes the Reference Base Index, a  
38      revised Reference Base Index shall be determined by multiplying  
39      the Reference Base Index by the ratio of the revised Index to the  
40      current Index, as each was for the first month in which the revised  
41      Index is available. If the Index is superseded, the Index is the one  
42      represented by the Bureau of Labor Statistics as reflecting most



1 accurately changes in the purchasing power of the dollar for  
2 consumers.

3 (d) The department shall issue a rule under IC 4-22-2  
4 announcing:

5 (1) sixty (60) days before January 1 of each odd-numbered  
6 year in which dollar amounts are to change, the changes in  
7 dollar amounts required by subsection (b); and

8 (2) promptly after the changes occur, changes in the Index  
9 required by subsection (c), including, when applicable, the  
10 numerical equivalent of the Reference Base Index under a  
11 revised Reference Base Index and the designation or title of  
12 any index superseding the Index.

13 (e) A person does not violate this article through a transaction  
14 otherwise complying with this article if the person relies on dollar  
15 amounts either determined according to subsection (b) or  
16 appearing in the last rule of the department announcing the then  
17 current dollar amounts.

18 Sec. 6. (a) Except as otherwise provided in this article, a buyer,  
19 lessee, or debtor may not waive or agree to forego rights or  
20 benefits under this article.

21 (b) A claim by a buyer, lessee, or debtor against a creditor for  
22 an excess charge, other violation of this article, or civil penalty, or  
23 a claim against a buyer, lessee, or debtor for default or breach of  
24 a duty imposed by this article, if disputed in good faith, may be  
25 settled by agreement.

26 (c) A claim, whether or not disputed against a buyer, lessee, or  
27 debtor may be settled for less value than the amount claimed.

28 (d) A settlement in which the buyer, lessee, or debtor waives or  
29 agrees to forego rights or benefits under this article is invalid if the  
30 court as a matter of law finds the settlement to have been  
31 unconscionable at the time it was made. The competence of the  
32 buyer, lessee, or debtor, any deception or coercion practiced upon  
33 the buyer, lessee, or debtor, the nature and extent of the legal  
34 advice received by the buyer, lessee, or debtor, and the value of the  
35 consideration are relevant to the issue of unconscionability.

36 Sec. 7. (a) This article prescribes maximum charges for all  
37 creditors, except lessors and those excluded under section 10 of this  
38 chapter, extending consumer credit, including consumer credit  
39 sales, consumer loans, and consumer related sales and loans, and  
40 displaces existing limitations on the powers of those creditors based  
41 on maximum charges.

42 (b) With respect to sellers of goods or services, small loan



1 companies, licensed lenders, consumer and sales finance  
 2 companies, industrial loan and investment companies, and  
 3 commercial banks and trust companies, this article displaces  
 4 existing limitations on their powers based solely on amount or  
 5 duration of credit.

6 (c) Except as provided in subsection (a) and IC 24-4.6-1, this  
 7 article does not displace limitations on powers of credit unions,  
 8 savings banks, savings or building and loan associations, or other  
 9 thrift institutions whether organized for the profit of shareholders  
 10 or as mutual organizations.

11 (d) Except as provided in subsections (a) and (b), this article  
 12 does not displace:

13 (1) limitations on powers of depository institutions with  
 14 respect to the amount of a loan to a single borrower, the ratio  
 15 of a loan to the value of collateral, the duration of a loan that  
 16 is a mortgage transaction, or other similar restrictions  
 17 designed to protect deposits; or

18 (2) limitations on powers an organization is authorized to  
 19 exercise under the laws of this state or the United States.

20 Sec. 8. All persons licensed on October 1, 1971, under:

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

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

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

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

25 are licensed to make supervised loans under this article, subject to  
 26 the renewal provisions contained in this article. All provisions of  
 27 this article apply to the persons previously licensed or authorized.  
 28 The department may deliver evidence of licensing to the persons  
 29 previously licensed or authorized.

30 Sec. 9. (a) Except as otherwise provided in this section, this  
 31 article applies to sales, leases, and loans made in this state and to  
 32 modifications, including refinancings, consolidations, and  
 33 deferrals, made in this state, of sales, leases, and loans, wherever  
 34 made. For purposes of this article, the following apply:

35 (1) A sale or modification of a sale agreement is made in this  
 36 state if the buyer's agreement or offer to purchase or to  
 37 modify is received by the seller or a person acting on behalf of  
 38 the seller in this state.

39 (2) A lease or modification of a lease agreement is made in this  
 40 state if the lessee's agreement or offer to lease or to modify is  
 41 received by the lessor or a person acting on behalf of the  
 42 lessor in this state.



(3) A loan or modification of a loan agreement is made in this state if a writing signed by the debtor and evidencing the debt is received by the lender or a person acting on behalf of the lender in this state.

(4) Except as provided in subdivisions (5) and (6), a sale, lease, or loan transaction occurs in Indiana if a consumer who is a resident of Indiana enters into a consumer sale, lease, or loan transaction with a creditor or a person acting on behalf of the creditor in another state and the creditor or the person acting on behalf of the creditor has advertised or solicited sales, leases, or loans in Indiana by any means, including by mail, brochure, telephone, print, radio, television, the Internet, or electronic means.

(5) A sale, lease, or loan transaction does not occur in Indiana if a consumer who is a resident of Indiana enters into a consumer sale, lease, or loan transaction secured by an interest in land located outside Indiana.

(6) A sale, lease, or loan transaction does not occur in Indiana if a consumer who is a resident of Indiana enters into a consumer sale, lease, or loan transaction at a creditor's place of business in another state.

For purposes of subdivisions (1) through (4), an offer is received by a creditor or a person acting on behalf of the creditor in Indiana if the offer is physically delivered, or otherwise transmitted or communicated, to a person who has actual or apparent authority to act for the creditor or the person acting on behalf of the creditor in Indiana, regardless of whether approval, acceptance, or ratification by any other agent or representative of the creditor or the person acting on behalf of the creditor in another state is necessary to give legal consequence to the consumer credit transaction.

(b) IC 37-2-6-1 through IC 37-2-6-7 apply to actions or other proceedings brought in this state to enforce rights arising from consumer credit sales, consumer leases, or consumer loans, or extortionate extensions of credit, wherever made.

(c) Except as provided in subsection (b), a sale, lease, loan, or modification thereof, made in another state to a person who was not a resident of this state when the sale, lease, loan, or modification was made is valid and enforceable in this state according to its terms to the extent that it is valid and enforceable under the laws of the state applicable to the transaction.

(d) For the purposes of this article, the residence of a buyer,





1 lessee, or debtor is the address given by the buyer, lessee, or debtor  
 2 as the buyer's, lessee's, or debtor's residence in any writing or  
 3 electronic communication made by the buyer, lessee, or debtor in  
 4 connection with a credit transaction. Until the buyer, lessee, or  
 5 debtor notifies the creditor or the person acting on behalf of the  
 6 creditor of a new or different address, the given address is  
 7 presumed to be unchanged.

8 (e) Notwithstanding other provisions of this section:

9 (1) except as provided in subsection (b), this article does not  
 10 apply if the buyer, lessee, or debtor is not a resident of this  
 11 state at the time of a credit transaction and the parties then  
 12 agree that the law of the buyer's, lessee's, or debtor's  
 13 residence applies; and

14 (2) this article applies if the buyer, lessee, or debtor is a  
 15 resident of this state at the time of a credit transaction and the  
 16 parties then agree that the law of this state applies.

17 (f) Except as provided in subsection (e), the following  
 18 agreements by a buyer, lessee, or debtor are invalid with respect to  
 19 consumer credit sales, consumer leases, consumer loans, or  
 20 modifications thereof, to which this article applies:

21 (1) An agreement that the law of another state shall apply.

22 (2) An agreement that the buyer, lessee, or debtor consents to  
 23 the jurisdiction of another state.

24 (3) An agreement that fixes venue.

25 (g) The following provisions of this article specify the applicable  
 26 law governing certain cases:

27 (1) IC 37-2-7-1 (applicability of the provisions on powers and  
 28 functions of the department).

29 (2) IC 37-2-7-24 (applicability of the provisions on notification  
 30 and fees).

31 (h) If a creditor or a person acting on behalf of the creditor has  
 32 violated the provisions of this article that apply to the authority to  
 33 make consumer loans (IC 37-2-4-23), the loan is void and the  
 34 debtor is not obligated to pay either the principal or loan finance  
 35 charge, as set forth in IC 37-2-6-9.

36 Sec. 10. This article does not apply to the following:

37 (1) Extensions of credit to or by a government or  
 38 governmental agencies or instrumentalities.

39 (2) The sale of insurance by an insurer, except as otherwise  
 40 provided in the chapter on insurance (IC 37-2-5).

41 (3) Transactions under public utility, municipal utility, or  
 42 common carrier tariffs if a subdivision or agency of this state



1 or of the United States regulates the charges for the services  
 2 involved, the charges for delayed payment, and any discount  
 3 allowed for early payment.

4 (4) The rates and charges and the disclosure of rates and  
 5 charges of a licensed pawnbroker established in accordance  
 6 with a statute or ordinance concerning these matters.

7 (5) A sale of goods, services, or an interest in land in which the  
 8 goods, services, or interest in land are purchased primarily  
 9 for a purpose other than a personal, family, or household  
 10 purpose.

11 (6) A loan in which the debt is incurred primarily for a  
 12 purpose other than a personal, family, or household purpose.

13 (7) An extension of credit primarily for a business, a  
 14 commercial, or an agricultural purpose.

15 (8) An installment agreement for the purchase of home fuels  
 16 in which a finance charge is not imposed.

17 (9) Loans made, insured, or guaranteed under a program  
 18 authorized by Title IV of the Higher Education Act of 1965  
 19 (20 U.S.C. 1070 et seq.).

20 (10) Transactions in securities or commodities accounts in  
 21 which credit is extended by a broker-dealer registered with  
 22 the Securities and Exchange Commission or the Commodity  
 23 Futures Trading Commission.

24 (11) Except for IC 37-2-4-24(d), IC 37-2-4-29, IC 37-2-4-33(d),  
 25 and IC 37-2-4-33(e), a loan made:

26 (A) in compliance with the requirements of; and

27 (B) by a community development corporation (as defined  
 28 in IC 4-4-28-2) acting as a subrecipient of funds from;  
 29 the Indiana housing and community development authority  
 30 established by IC 5-20-1-3.

31 (12) Except for IC 37-2-4-24(d), IC 37-2-4-29, IC 37-2-4-33(d),  
 32 and IC 37-2-4-33(e), a subordinate lien mortgage transaction  
 33 made by an entity that exclusively uses funds provided by the  
 34 United States Department of Housing and Urban  
 35 Development under Title 1 of the Housing and Community  
 36 Development Act of 1974, Public Law 93-383, as amended (42  
 37 U.S.C. 5301 et seq.).

38 (13) The United States, any state or local government, or any  
 39 agency or instrumentality of any governmental entity,  
 40 including United States government sponsored enterprises  
 41 and state educational institutions (as defined in  
 42 IC 21-7-13-32). For purposes of this subdivision, an



1 "instrumentality" of a governmental entity includes a  
 2 foundation, a corporate or nonprofit subsidiary, or an affiliate  
 3 of the governmental entity.

4 (14) A bona fide nonprofit organization not operating in a  
 5 commercial context, as determined by the director, if the  
 6 following criteria are satisfied:

7 (A) Subject to clause (B), the organization originates only  
 8 one (1) or both of the following types of mortgage  
 9 transactions:

10 (i) Zero (0) interest first lien mortgage transactions.

11 (ii) Zero (0) interest subordinate lien mortgage  
 12 transactions.

13 (B) The organization does not require, under the terms of  
 14 the mortgage or otherwise, balloon payments with respect  
 15 to the mortgage transactions described in clause (A).

16 (C) The organization is exempt from federal income  
 17 taxation under Section 501(c)(3) of the Internal Revenue  
 18 Code.

19 (D) The organization's primary purpose is to serve the  
 20 public by helping low income individuals and families  
 21 build, repair, and purchase housing.

22 (E) The organization uses only:

23 (i) unpaid volunteers; or

24 (ii) employees whose compensation is not based on the  
 25 number or size of any mortgage transactions that the  
 26 employees originate;

27 to originate the mortgage transactions described in clause  
 28 (A).

29 (F) The organization does not charge loan origination fees  
 30 in connection with the mortgage transactions described in  
 31 clause (A).

32 (15) A bona fide nonprofit organization if the following  
 33 criteria are satisfied:

34 (A) For each calendar year that the organization seeks the  
 35 exemption provided by this subdivision, the organization  
 36 certifies, not later than December 31 of the preceding  
 37 calendar year and on a form prescribed by the director  
 38 and accompanied by such documentation as required by  
 39 the director, that the organization is a bona fide nonprofit  
 40 organization.

41 (B) The director determines that the organization  
 42 originates only mortgage transactions that are favorable to



1 the debtor. For purposes of this clause, a mortgage  
 2 transaction is favorable to the debtor if the director  
 3 determines that the terms of the mortgage transaction are  
 4 consistent with terms of mortgage transactions made in a  
 5 public or charitable context, rather than in a commercial  
 6 context.

7 **Sec. 11.** In examinations or other regulatory activities conducted  
 8 by the department and related to licensees under this article, the  
 9 department may cooperate with the Indiana securities  
 10 commissioner in the regulation of individuals who, in addition to  
 11 conducting business regulated under this article, also conduct a  
 12 loan broker business subject to IC 23-2.5.

13 **Chapter 2. Definitions**

14 **Sec. 1.** The definitions set forth in this chapter apply throughout  
 15 this article:

16 **Sec. 2. "Affiliate",** with respect to any person subject to this  
 17 article, means a person that, directly or indirectly, through one (1)  
 18 or more intermediaries:

- 19 (1) controls;
  - 20 (2) is controlled by; or
  - 21 (3) is under common control with;
- 22 the person subject to this article.

23 **Sec. 2.5. "Amount financed"** means the total of the following to  
 24 the extent that payment is deferred:

- 25 (1) The cash price of the goods, services, or interest in land  
 26 less the amount of down payment whether made in cash or  
 27 property.
- 28 (2) The amount actually paid or to be paid by the seller  
 29 pursuant to an agreement with the buyer to discharge a  
 30 security interest or lien on property traded in.
- 31 (3) If not included in the cash price:
  - 32 (A) any applicable sales, use, excise or documentary fees;
  - 33 (B) amounts actually paid or to be paid by the seller for  
 34 registration, certificate of title, or license fees; and
  - 35 (C) additional charges permitted by IC 37-2-3-5.

36 **Sec. 3. "Agreement"** means the bargain of the parties in fact as  
 37 found in their language or by implication from other  
 38 circumstances, including course of dealing or usage of trade or  
 39 course of performance.

40 **Sec. 4. "Agricultural purpose"** means a purpose related to the  
 41 production, harvest, exhibition, marketing, transportation,  
 42 processing, or manufacture of agricultural products by a natural



1 person who cultivates, plants, propagates, or nurtures the  
 2 agricultural products. "Agricultural products" includes  
 3 agricultural, horticultural, viticultural, and dairy products,  
 4 livestock, wildlife, poultry, bees, forest products, fish and shellfish,  
 5 and any and all products raised or produced on farms and any  
 6 processed or manufactured products thereof.

7 Sec. 5. "Average daily balance" means the sum of each of the  
 8 daily balances in a billing cycle divided by the number of days in  
 9 the billing cycle, and if the billing cycle is a month, the creditor  
 10 may elect to treat the number of days in each billing cycle as thirty  
 11 (30).

12 Sec. 6. "Balloon payment", with respect to a mortgage  
 13 transaction, means any payment that:

- 14 (1) the creditor requires the debtor to make at any time
- 15 during the term of the mortgage;
- 16 (2) represents the entire amount of the outstanding balance
- 17 with respect to the mortgage; and
- 18 (3) the entire amount of which is due as of a specified date or
- 19 at the end of a specified period;

20 if the aggregate amount of the minimum periodic payments  
 21 required under the mortgage would not fully amortize the  
 22 outstanding balance by the specified date or at the end of the  
 23 specified period. The term does not include a payment required by  
 24 a creditor under a due-on-sale clause (as defined in 12 U.S.C.  
 25 1701j-3(a)) or a payment required by a creditor under a provision  
 26 in the mortgage that permits the creditor to accelerate the debt  
 27 upon the debtor's default or failure to abide by the material terms  
 28 of the mortgage.

29 Sec. 7. "Bona fide nonprofit organization" means an  
 30 organization that does the following, as determined by the director  
 31 under criteria established by the director:

- 32 (1) Maintains tax exempt status under Section 501(c)(3) of the
- 33 Internal Revenue Code.
- 34 (2) Promotes affordable housing or provides home ownership
- 35 education or similar services.
- 36 (3) Conducts the organization's activities in a manner that
- 37 serves public or charitable purposes.
- 38 (4) Receives funding and revenue and charges fees in a
- 39 manner that does not encourage the organization or the
- 40 organization's employees to act other than in the best interests
- 41 of the organization's clients.
- 42 (5) Compensates the organization's employees in a manner



1 that does not encourage employees to act other than in the  
2 best interests of the organization's clients.

3 (6) Provides to, or identifies for, debtors mortgage  
4 transactions with terms that are favorable to the debtor (as  
5 described in IC 37-2-1-10(15)) and comparable to mortgage  
6 transactions and housing assistance provided under  
7 government housing assistance programs.

8 (7) Maintains certification by the United States Department  
9 of Housing and Urban Development or employs counselors  
10 who are certified by the Indiana housing and community  
11 development authority.

12 Sec. 7.5. "Cash price" means the price at which the goods,  
13 services, or interest in land are offered for sale by the seller to cash  
14 buyers in the ordinary course of business, and may include:

- 15 (1) applicable sales, use, and excise and documentary fees;
- 16 (2) the cash price of accessories or related services such as  
17 delivery, installation, servicing, repairs, alterations, service  
18 contracts, and improvements; and
- 19 (3) amounts actually paid or to be paid by the seller for  
20 registration, certificate of title, or license fees.

21 Sec. 7.7. "Civil court" means any court of Indiana having civil  
22 jurisdiction.

23 Sec. 8. "Closing costs" with respect to a subordinate lien  
24 mortgage transaction includes:

- 25 (1) fees or premiums for title examination, title insurance, or  
26 similar purposes, including surveys;
- 27 (2) fees for preparation of a deed, settlement statement, or  
28 other documents;
- 29 (3) escrows for future payments of taxes and insurance;
- 30 (4) fees for notarizing deeds and other documents;
- 31 (5) appraisal fees; and
- 32 (6) fees for credit reports.

33 Sec. 9. "Conspicuous" refers to a term or clause when it is so  
34 written that a reasonable person against whom it is to operate  
35 ought to have noticed it.

36 Sec. 10. "Consumer credit" means credit offered or extended to  
37 a consumer primarily for a personal, family, or household purpose.

38 Sec. 10.5. "Consumer credit insurance" means insurance, other  
39 than insurance on property, by which the satisfaction of debt in  
40 whole or in part is a benefit provided, but does not include:

- 41 (1) insurance issued as an isolated transaction on the part of  
42 the insurer not related to an agreement or plan for insuring



1 debtors of the creditor; or

2 (2) insurance indemnifying the creditor against loss due to the  
3 debtor's default.

4 Sec. 11. "Consumer Credit Protection Act" refers to the  
5 Consumer Credit Protection Act (15 U.S.C. 1601 et seq.), as  
6 amended, and includes both the Truth in Lending Simplification  
7 and Reform Act amendments (Public Law 96-221, Title VI, 94 Stat.  
8 168) and any regulations issued under those laws. However, the  
9 department may otherwise define this term by rule issued in  
10 accordance with IC 37-2-7-7.

11 Sec. 12. "Consumer credit sale" is a sale of goods, services, or  
12 an interest in land in which:

13 (1) credit is granted by a person who regularly engages as a  
14 seller in credit transactions of the same kind;

15 (2) the buyer is a person other than an organization;

16 (3) the goods, services, or interest in land are purchased  
17 primarily for a personal, family, or household purpose;

18 (4) either the debt is payable in installments or a credit service  
19 charge is made; and

20 (5) with respect to a sale of goods or services, either:

21 (A) the amount of credit extended, the written credit limit,  
22 or the initial advance does not exceed the exempt threshold  
23 amount, as adjusted in accordance with the annual  
24 adjustment of the exempt threshold amount, specified in  
25 Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as  
26 applicable); or

27 (B) the debt is secured by personal property used or  
28 expected to be used as the principal dwelling of the buyer.

29 Unless the sale is made subject to this article by agreement  
30 under IC 37-2-3-29, "consumer credit sale" does not include  
31 a sale in which the seller allows the buyer to purchase goods  
32 or services pursuant to a lender credit card or similar  
33 arrangement or, except as provided with respect to disclosure  
34 (IC 37-2-3-13), debtors' remedies (IC 37-2-6-8), providing  
35 payoff amounts (IC 37-2-3-11), and powers and functions of  
36 the department (IC 37-2-7), a sale of an interest in land which  
37 is a first lien mortgage transaction.

38 Sec. 12.5. "Consumer lease" means a lease of goods:

39 (1) which a lessor regularly engaged in the business of leasing  
40 makes to a person, other than an organization, who takes  
41 under the lease primarily for a personal, family, or household  
42 purpose;



- (2) in which the amount payable under the lease does not exceed the exempt threshold amount, as adjusted in accordance with the annual adjustment of the exempt threshold amount, specified in Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as applicable); and
- (3) which is for a term exceeding four (4) months.

The term does not include a lease made pursuant to a lender credit card or similar arrangement.

Sec. 13. "Consumer loan" means a loan made by a person regularly engaged in the business of making loans in which:

- (1) the debtor is a person other than an organization;
- (2) the debt is primarily for a personal, family, or household purpose;
- (3) either the debt is payable in installments or a loan finance charge is made; and
- (4) either:
  - (A) the amount of credit extended, the written credit limit, or the initial advance does not exceed the exempt threshold amount, as adjusted in accordance with the annual adjustment of the exempt threshold amount, specified in Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as applicable); or
  - (B) the debt is secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor.

Except as described in IC 37-2-4-2, the term does not include a first lien mortgage transaction.

Sec. 13.3. "Consumer related loan" refers to a loan in which the following apply:

- (1) The loan is made by a person who is not regularly engaged as a lender in credit transactions of the same kind.
- (2) The debtor is a person other than an organization.
- (3) The debt is primarily for a personal, family, or household purpose.
- (4) Either the debt is payable in installments or a loan finance charge is made.
- (5) Either:
  - (A) the amount of credit extended, the written credit limit, or the initial advance does not exceed the exempt threshold amount, as adjusted in accordance with the annual adjustment of the exempt threshold amount, specified in Regulation Z (12 CFR 226.3 or 12 CFR 1026.3(b), as





1 applicable); or

2 (B) the debt is secured by an interest in land or by personal  
3 property used or expected to be used as the principal  
4 dwelling of the debtor.

5 Sec. 13.5. "Consumer related sale" means a sale of goods,  
6 services, or an interest in land in which:

7 (1) credit is granted by a person that is not regularly engaged  
8 as a seller in credit transactions of the same kind;

9 (2) the buyer is a person other than an organization;

10 (3) the goods, services, or interest in land are purchased  
11 primarily for a personal, family, or household purpose;

12 (4) either the debt is payable in installments or a credit service  
13 charge is made; and

14 (5) with respect to a sale of goods or services:

15 (A) either the amount of credit extended, the written credit  
16 limit, or the initial advance does not exceed the exempt  
17 threshold amount, as adjusted in accordance with the  
18 annual adjustment of the exempt threshold amount,  
19 specified in Regulation Z (12 CFR 226.3 or 12 CFR  
20 1026.3(b), as applicable); or

21 (B) the debt is secured by personal property used or  
22 expected to be used as the principal dwelling of the buyer.

23 Sec. 14. "Credit" means the right granted by a creditor to a  
24 debtor to defer payment of debt or to incur debt and defer its  
25 payment.

26 Sec. 14.5. "Credit service charge" means the sum of:

27 (1) all charges payable directly or indirectly by the buyer and  
28 imposed directly or indirectly by the seller as an incident to  
29 the extension of credit, including any of the following types of  
30 charges which are applicable: time price differential, service,  
31 carrying or other charge, however denominated, premium or  
32 other charge for any guarantee or insurance protecting the  
33 seller against the buyer's default or other credit loss; and

34 (2) charges incurred for investigating the collateral or  
35 credit-worthiness of the buyer.

36 The term does not include charges as a result of default, additional  
37 charges (IC 37-2-3-5), delinquency charges (IC 37-2-3-6), or  
38 deferral charges (IC 37-2-3-7). The term does not include charges  
39 paid or payable to a third party that are not required by the seller  
40 as a condition or incident to the extension of credit except for  
41 borrower paid mortgage broker fees, including fees paid directly  
42 to the broker or the seller (for delivery to the broker), whether the



1 fees are paid in cash or financed. However, borrower paid  
 2 mortgage broker fees do not include fees paid to a mortgage broker  
 3 by a creditor, including yield spread premiums and service release  
 4 fees.

5 Sec. 15. "Creditor" means a person:

6 (1) who regularly engages in the extension of consumer credit  
 7 that is subject to a credit service charge or loan finance  
 8 charge, as applicable, or is payable by written agreement in  
 9 more than four (4) installments (not including a down  
 10 payment); and

11 (2) to whom the obligation is initially payable, either on the  
 12 face of the note or contract, or by agreement when there is not  
 13 a note or contract.

14 Sec. 15.5. "Debt cancellation agreement" means an agreement  
 15 that provides coverage for payment or satisfaction of all or part of  
 16 a debt in the event of the loss of life, health, or income. The term  
 17 does not include a GAP agreement.

18 Sec. 15.7. "Department" refers to the department of financial  
 19 institutions.

20 Sec. 16. "Depository institution" has the meaning set forth in  
 21 the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes  
 22 any credit union.

23 Sec. 17. "Director" means the director of the department of  
 24 financial institutions or the director's designee.

25 Sec. 18. "Dwelling" means a residential structure that contains  
 26 one (1) to four (4) units, regardless of whether the structure is  
 27 attached to real property. The term includes an individual:

- 28 (1) condominium unit;
- 29 (2) cooperative unit;
- 30 (3) mobile home; or
- 31 (4) trailer;

32 that is used as a residence.

33 Sec. 19. "Earnings" means compensation paid or payable for  
 34 personal services, whether denominated as wages, salary,  
 35 commission, bonus, or otherwise, and includes periodic payments  
 36 under a pension or retirement program.

37 Sec. 20. "Employee" means an individual who is paid wages or  
 38 other compensation by an employer required under federal income  
 39 tax law to file Form W-2 on behalf of the individual.

40 Sec. 20.5. "Expedited payment service" means a service offered  
 41 to a consumer to ensure that a payment made by the consumer  
 42 with respect to a consumer credit sale or a consumer loan will be



1 reflected as paid and posted on an expedited basis.

2 Sec. 21. "Federal banking agencies" means the Board of  
3 Governors of the Federal Reserve System, the Office of the  
4 Comptroller of the Currency, the National Credit Union  
5 Administration, and the Federal Deposit Insurance Corporation.

6 Sec. 21.5. "First lien mortgage transaction" means:

- 7 (1) a consumer loan; or  
8 (2) a consumer credit sale;

9 that is or will be used by the debtor primarily for personal, family,  
10 or household purposes and that is secured by a mortgage or a land  
11 contract (or another consensual security interest equivalent to a  
12 mortgage or a land contract) that constitutes a first lien on a  
13 dwelling or on residential real estate upon which a dwelling is  
14 constructed or intended to be constructed.

15 Sec. 22. "Guaranteed asset protection agreement", "guaranteed  
16 auto protection agreement", or "GAP agreement" means, with  
17 respect to a consumer credit sale or a consumer loan involving a  
18 motor vehicle or another titled asset, an agreement in which the  
19 seller or lender agrees to cancel or waive all or part of the  
20 outstanding debt after all property insurance benefits have been  
21 exhausted after the occurrence of a specified event.

22 Sec. 22.5. "Goods" includes goods not in existence at the time  
23 the transaction is entered into and merchandise certificates, but  
24 excludes money, chattel paper, documents of title, and instruments.

25 Sec. 22.7. "Home solicitation sale" means a consumer credit sale  
26 of goods, other than farm equipment, or services in which:

- 27 (1) the seller or a person acting for the seller engages in a  
28 personal solicitation of the sale, including a solicitation over  
29 the telephone, at a residence of the buyer and the buyer's  
30 agreement or offer to purchase is there given to the seller or  
31 a person acting for the seller; or  
32 (2) the seller or the seller's agent, solicits a sale in a city or  
33 town in which the seller does not have a permanent business  
34 establishment, through mailings, advertisements, or telephone  
35 calls, which require the buyer to meet the seller or the seller's  
36 agent at a place other than the seller's permanent business  
37 establishment.

38 The term does not include a sale made pursuant to a preexisting  
39 revolving charge account, or a sale made pursuant to prior  
40 negotiations between the parties at a business establishment at a  
41 fixed location where goods or services are offered or exhibited for  
42 sale.



1       **Sec. 23. "Immediate family member"** means a spouse, child,  
 2       sibling, parent, grandparent, or grandchild. The term includes  
 3       stepparents, stepchildren, stepsiblings, and adoptive relationships.

4       **Sec. 24. "Individual"** means a natural person.

5       **Sec. 25. "Land contract"** means a contract for the sale of real  
 6       estate in which the seller of the real estate retains legal title to the  
 7       real estate until the total contract price is paid by the buyer.

8       **Sec. 25.5.** Except as otherwise provided, "lender" means a  
 9       person regularly engaged in making consumer loans. The term  
 10       includes an assignee of the lender's right to payment but use of the  
 11       term does not in itself impose on an assignee any obligation of the  
 12       lender with respect to events occurring before the assignment.

13       **Sec. 26. "Lender credit card or similar arrangement"** means an  
 14       arrangement or loan agreement, other than a seller credit card,  
 15       pursuant to which a lender gives a debtor the privilege of using a  
 16       credit card, letter of credit, or other credit confirmation or  
 17       identification in transactions out of which debt arises:

- 18       (1) by the lender's honoring a draft or similar order for the
- 19       payment of money drawn or accepted by the debtor;
- 20       (2) by the lender's payment or agreement to pay the debtor's
- 21       obligations; or
- 22       (3) by the lender's purchase from the obligee of the debtor's
- 23       obligations.

24       **Sec. 27. "Licensee"** means a person licensed as a creditor under  
 25       this article.

26       **Sec. 27.5. "Loan"** includes:

- 27       (1) the creation of debt by the lender's payment of or
- 28       agreement to pay money to the debtor or to a third party for
- 29       the account of the debtor;
- 30       (2) the creation of debt by a credit to an account with the
- 31       lender upon which the debtor is entitled to draw immediately;
- 32       (3) the creation of debt pursuant to a lender credit card or
- 33       similar arrangement; and
- 34       (4) the forbearance of debt arising from a loan.

35       **Sec. 28. "Loan brokerage business"** means any activity in which  
 36       a person, in return for any consideration from any source,  
 37       procures, attempts to procure, or assists in procuring, a mortgage  
 38       transaction from a third party or any other person, whether or not  
 39       the person seeking the mortgage transaction actually obtains the  
 40       mortgage transaction.

41       **Sec. 28.5. (a) "Loan finance charge"** means the sum of:

- 42       (1) all charges payable directly or indirectly by the debtor and



imposed directly or indirectly by the lender as an incident to the extension of credit, including any of the following types of charges which are applicable: interest or any amount payable under a point, discount, or other system of charges, however denominated, premium or other charge for any guarantee or insurance protecting the lender against the debtor's default or other credit loss; and

(2) charges incurred for investigating the collateral or credit-worthiness of the debtor.

The term does not include charges as a result of default, additional charges (IC 37-2-4-5), delinquency charges (IC 37-2-4-6), or deferral charges (IC 37-3-4-7). The term does not include charges paid or payable to a third party that are not required by the lender as a condition or incident to the extension of credit except for borrower paid mortgage broker fees, including fees paid directly to the broker or the lender (for delivery to the broker), whether the fees are paid in cash or financed. However, borrower paid mortgage broker fees do not include fees paid to a mortgage broker by a creditor, including yield spread premiums and service release fees.

(b) If a lender makes a loan to a debtor by purchasing or satisfying obligations of the debtor pursuant to a lender credit card or similar arrangement, and the purchase or satisfaction is made at less than the face amount of the obligation, the discount is not part of the loan finance charge.

Sec. 29. "Loan processor or underwriter" means an individual who performs clerical or support duties as an employee at the direction of, and subject to the supervision and instruction of, a person licensed to engage in mortgage transactions or a person exempt from licensing. For purposes of this subdivision, the term "clerical or support duties" may include, after the receipt of an application, the following:

(1) The receipt, collection, distribution, and analysis of information common for the processing or underwriting of a mortgage transaction.

(2) The communication with a consumer to obtain the information necessary for the processing or underwriting of a loan, to the extent that the communication does not include:

(A) offering or negotiating loan rates or terms; or

(B) counseling consumers about mortgage transaction rates or terms.

The term "loan processor or underwriter" does not include an



individual who is an employee of a person that is not engaged in mortgage transactions as a creditor if that person is permitted to voluntarily register with the department to sponsor the individual under IC 37-1-1-6(8) to engage solely in the activities described in this subdivision. An individual engaging solely in loan processor or underwriter activities shall not represent to the public through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that the individual can or will perform any of the activities of a mortgage loan originator. However, an individual who is licensed as a mortgage loan originator under IC 37-1 and 750 IAC 9-3, and who is sponsored by a person, as permitted by IC 37-1-1-6(8), to engage solely as a third party loan processor or underwriter, is subject to the prohibition set forth in this subdivision with respect to the individual's engagement under the sponsorship.

Sec. 29.5. "Merchandise certificate" means a writing issued by a seller not redeemable in cash and usable in its face amount in lieu of cash in exchange for goods or services.

Sec. 30. "Mortgage loan originator" means an individual who, for compensation or gain, or in the expectation of compensation or gain, regularly engages in taking a mortgage transaction application or in offering or negotiating the terms of a mortgage transaction that either is made under this article or under IC 37-1 or is made by an employee of a person licensed to engage in mortgage transactions or by an employee of a person that is exempt from licensing, while the employee is engaging in the loan brokerage business. The term does not include the following:

(1) An individual engaged solely as a loan processor or underwriter as long as the individual works exclusively as an employee of a person licensed to engage in mortgage transactions or as an employee of a person exempt from licensing. However, the term includes an individual who is licensed as a mortgage loan originator under IC 37-1-1 and 750 IAC 9-3 and who is an employee of a person that is not engaged in mortgage transactions as a creditor if that person voluntarily registers with the department to sponsor the individual under IC 37-1-1-6(8), to engage solely as a third party processor or underwriter.

(2) Unless the person or entity is compensated by:

(A) a creditor;

(B) a loan broker;



(C) another mortgage loan originator; or  
 (D) any agent of the creditor, loan broker, or other mortgage loan originator described in clauses (A) through (C);

a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with applicable state law.

(3) A person solely involved in extensions of credit relating to timeshare plans (as defined in 11 U.S.C. 101(53D)).

Sec. 31. "Mortgage servicer" means the last person to whom a mortgagor or the mortgagor's successor in interest has been instructed by a mortgagee to send payments on a loan secured by a mortgage.

Sec. 32. "Mortgage transaction" means:

- (1) a consumer loan; or
- (2) a consumer credit sale;

that is or will be used by the debtor primarily for personal, family, or household purposes and that is secured by a mortgage or a land contract (or another consensual security interest equivalent to a mortgage or a land contract) on a dwelling or on residential real estate upon which a dwelling is constructed or intended to be constructed.

Sec. 33. "Nationwide Multistate Licensing System and Registry" (or "Nationwide Mortgage Licensing System and Registry" or "NMLSR") means a multistate licensing system owned and operated by the State Regulatory Registry, LLC, or by any successor or affiliated entity, for the licensing and registration of creditors, mortgage loan originators, and other persons in the mortgage or financial services industries. The term includes any other name or acronym that may be assigned to the system by the State Regulatory Registry, LLC, or by any successor or affiliated entity.

Sec. 34. "Nontraditional mortgage product" means any mortgage product other than a thirty (30) year fixed rate mortgage.

Sec. 35. "Official fees" means:

- (1) fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, or satisfying a security interest related to a consumer credit sale, consumer lease, or consumer loan; or
- (2) premiums payable for insurance in lieu of perfecting a



1 security interest otherwise required by the creditor in  
 2 connection with the sale, lease, or loan, if the premium does  
 3 not exceed the fees and charges described in subdivision (1)  
 4 that would otherwise be payable.

5 Sec. 36. "Organization" means a corporation, a government or  
 6 governmental subdivision, an agency, a trust, an estate, a  
 7 partnership, a limited liability company, a cooperative, an  
 8 association, a joint venture, an unincorporated organization, or  
 9 any other entity, however organized.

10 Sec. 37. "Payable in installments" means that payment is  
 11 required or permitted by written agreement to be made in more  
 12 than four (4) installments not including a down payment.

13 Sec. 38. "Person" includes an individual or an organization.

14 Sec. 39. "Person related to" with respect to an individual  
 15 means:

- 16 (1) the spouse of the individual;
- 17 (2) a brother, brother-in-law, sister, or sister-in-law of the  
 18 individual;
- 19 (3) an ancestor or lineal descendants of the individual or the  
 20 individual's spouse; and
- 21 (4) any other relative, by blood or marriage, of the individual  
 22 or the individual's spouse who shares the same home with the  
 23 individual.

24 Sec. 40. "Person related to" with respect to an organization  
 25 means:

- 26 (1) a person directly or indirectly controlling, controlled by,  
 27 or under common control with the organization;
- 28 (2) a director, an executive officer, or a manager of the  
 29 organization or a person performing similar functions with  
 30 respect to the organization or to a person related to the  
 31 organization;
- 32 (3) the spouse of a person related to the organization; and
- 33 (4) a relative by blood or marriage of a person related to the  
 34 organization who shares the same home with the person.

35 Sec. 40.5. "Principal" of a loan means the total of:

- 36 (1) the net amount paid to, receivable by, or paid or payable  
 37 for the account of the debtor;
- 38 (2) the amount of any discount excluded from the loan finance  
 39 charge (section 28.5(b) of this chapter); and
- 40 (3) to the extent that payment is deferred:  
 41 (A) amounts actually paid or to be paid by the lender for  
 42 registration, certificate of title, or license fees if not





1 included in subdivision (1); and

2 (B) additional charges permitted by IC 37-2-4-5.

3 The term does not include any loan proceeds held as security for  
4 the loan.

5 Sec. 41. "Presumed" or "presumption" means that the trier of  
6 fact must find the existence of the fact presumed, unless and until  
7 evidence is introduced that would support a finding of its  
8 nonexistence.

9 Sec. 42. "Real estate brokerage activity" means any activity that  
10 involves offering or providing real estate brokerage services to the  
11 public, including the following:

12 (1) Acting as a real estate agent or real estate broker for a  
13 buyer, seller, lessor, or lessee of real property.

14 (2) Bringing together parties interested in the sale, purchase,  
15 lease, rental, or exchange of real property.

16 (3) Negotiating, on behalf of any party, any part of a contract  
17 relating to the sale, purchase, lease, rental, or exchange of real  
18 property (other than in connection with providing financing  
19 with respect to the sale, purchase, lease, rental, or exchange  
20 of real property).

21 (4) Engaging in any activity for which a person is required to  
22 be registered or licensed as a real estate agent or real estate  
23 broker under any applicable law.

24 (5) Offering to engage in any activity, or act in any capacity,  
25 described in this subsection.

26 Sec. 43. "Registered mortgage loan originator" means any  
27 individual who:

28 (1) meets the definition of mortgage loan originator and is an  
29 employee of:

30 (A) a depository institution;

31 (B) a subsidiary that is owned and controlled by a  
32 depository institution and regulated by a federal banking  
33 agency; or

34 (C) an institution regulated by the Farm Credit  
35 Administration; and

36 (2) is registered with, and maintains a unique identifier  
37 through, the NMLSR.

38 Sec. 44. "Regularly engaged", with respect to a person who  
39 extends consumer credit, refers to a person who:

40 (1) extended consumer credit:

41 (A) more than twenty-five (25) times; or

42 (B) more than five (5) times for a mortgage transaction



1           secured by a dwelling;  
 2           in the preceding calendar year; or  
 3           (2) extends or will extend consumer credit:  
 4               (A) more than twenty-five (25) times; or  
 5               (B) more than five (5) times for a mortgage transaction  
 6           secured by a dwelling;  
 7           in the current calendar year, if the person did not meet the  
 8           numerical standards described in subdivision (1) in the  
 9           preceding calendar year.

10          Sec. 44.5. "Residential real estate" means any real property that  
 11          is located in Indiana and on which there is located or intended to  
 12          be constructed a dwelling.

13          Sec. 44.7. "Revolving charge account" means an arrangement  
 14          between a seller and a buyer pursuant to which:

- 15           (1) the seller may permit the buyer to purchase goods or
- 16           services on credit either from the seller or pursuant to a seller
- 17           credit card;
- 18           (2) the unpaid balances of amounts financed arising from
- 19           purchases and the credit service and other appropriate
- 20           charges are debited to an account;
- 21           (3) a credit service charge if made is not precomputed but is
- 22           computed on the outstanding unpaid balances of the buyer's
- 23           account from time to time; and
- 24           (4) the buyer has the privilege of paying the balances in
- 25           installments.

26          Sec. 45. "Revolving loan account" means an arrangement  
 27          between a lender and a debtor pursuant to which:

- 28           (1) the lender may permit the debtor to obtain loans from
- 29           time to time;
- 30           (2) the unpaid balances of principal and the loan finance and
- 31           other appropriate charges are debited to an account;
- 32           (3) a loan finance charge if made is not precomputed but is
- 33           computed on the outstanding unpaid balances of the debtor's
- 34           account from time to time; and
- 35           (4) the debtor has the privilege of paying the balances in
- 36           installments.

37          Sec. 45.1. "Sale of an interest in land" includes a lease in which  
 38          the lessee has an option to purchase the interest and all or a  
 39          substantial part of the rental or other payments previously made  
 40          by the lessee are applied to the purchase price.

41          Sec. 45.3. "Sale of goods" includes any agreement in the form of  
 42          a bailment or lease of goods if the bailee or lessee agrees to pay as



1 compensation for use a sum substantially equivalent to or in excess  
 2 of the aggregate value of the goods involved and it is agreed that  
 3 the bailee or lessee will become, or for no other or a nominal  
 4 consideration has the option to become, the owner of the goods  
 5 upon full compliance with the bailee's or the lessee's obligations  
 6 under the agreement.

7 Sec. 45.5. "Sale of services" means furnishing or agreeing to  
 8 furnish services and includes making arrangements to have  
 9 services furnished by another.

10 Sec. 45.7. Except as otherwise provided, "seller" means a person  
 11 regularly engaged as a creditor in making consumer credit sales.  
 12 The term includes an assignee of the seller's right to payment but  
 13 use of the term does not in itself impose on an assignee any  
 14 obligation of the seller with respect to events occurring before the  
 15 assignment.

16 Sec. 46. "Seller credit card" means an arrangement that gives  
 17 to a buyer or lessee the privilege of using a credit card, letter of  
 18 credit, or other credit confirmation or identification for the  
 19 purpose of purchasing or leasing goods or services from that  
 20 person, a person related to that person, or from that person and  
 21 any other person. The term includes a card that is issued by a  
 22 person that is in the name of the seller, and that can be used by the  
 23 buyer or lessee only for purchases or leases at locations of the  
 24 named seller.

25 Sec. 46.5. "Services" includes:

- 26 (1) work, labor, and other personal services;
- 27 (2) privileges with respect to transportation, hotel and
- 28 restaurant accommodations, education, entertainment,
- 29 recreation, physical culture, hospital accommodations,
- 30 funerals, cemetery accommodations, and the like; and
- 31 (3) insurance provided by a person other than the insurer.

32 Sec. 46.7. "Skip-a-payment service" means a service that:

- 33 (1) in the case of a consumer credit sale:
- 34 (A) is offered by a creditor to a consumer; and
- 35 (B) permits the consumer to miss or skip a payment due
- 36 under a consumer credit sale without resulting in default;
- 37 and
- 38 (2) in the case of a consumer loan:
- 39 (A) is offered by a lender to a consumer; and
- 40 (B) permits the consumer to miss or skip a payment due
- 41 under a consumer loan without resulting in default.

42 Sec. 47. "Subordinate lien mortgage transaction" means:



1           (1) a consumer loan; or  
 2           (2) a consumer credit sale;  
 3       that is or will be used by the debtor primarily for personal, family,  
 4       or household purposes and that is secured by a mortgage or a land  
 5       contract (or another consensual security interest equivalent to a  
 6       mortgage or a land contract) that constitutes a subordinate lien on  
 7       a dwelling or on residential real estate upon which a dwelling is  
 8       constructed or intended to be constructed.

9       Sec. 47.3. "Supervised lender" means a person authorized to  
 10      make or take assignments of supervised loans.

11      Sec. 47.5. "Supervised loan" means a consumer loan in which  
 12      the rate of the loan finance charge exceeds twenty-five percent  
 13      (25%) per year as determined according to the provisions on loan  
 14      finance charge for consumer loans in IC 37-2-4-4.

15      Sec. 48. "Unique identifier" means a number or other identifier  
 16      assigned by protocols established by the NMLSR.

#### 17      Chapter 3. Credit Sales

18      Sec. 1. (a) This chapter applies to consumer credit sales,  
 19      including home solicitation sales, and consumer leases.

20      (b) Sections 14 through 27 of this chapter apply to consumer  
 21      credit sales and consumer leases.

22      (c) Sections 29 through 33 of this chapter apply to consumer  
 23      related sales.

24      (d) Licensing under IC 37-2-4-24 applies to consumer credit  
 25      sales that are subordinate lien mortgage transactions.

26      Sec. 2. A sale, refinancing, or consolidation is considered  
 27      precomputed if the debt is expressed as a sum comprising the  
 28      amount financed and the amount of the credit service charge  
 29      computed in advance.

30      Sec. 3. The cash price stated by the seller to the buyer pursuant  
 31      to section 13 of this chapter is presumed to be the cash price.

32      Sec. 4. (a) Except as provided in subsections (h) and (k), with  
 33      respect to a consumer credit sale, a seller may contract for and  
 34      receive a credit service charge not exceeding that permitted by this  
 35      section.

36      (b) The credit service charge, calculated according to the  
 37      actuarial method, may not exceed the equivalent of the greater of:

38           (1) the total of:

39               (A) thirty-six percent (36%) per year on that part of the  
 40               unpaid balances of the amount financed which is two  
 41               thousand dollars (\$2,000) or less;

42               (B) twenty-one percent (21%) per year on that part of the



unpaid balances of the amount financed which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000); and

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

(2) twenty-five percent (25%) per year on the unpaid balances of the amount financed.

(c) In the case of a sale agreement entered into before July 1, 2020, this section does not limit or restrict the manner of contracting for the credit service charge, whether by way of add-on, discount, or otherwise, so long as the rate of the credit service charge does not exceed that permitted by this section. If the sale is precomputed:

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

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

(d) The following apply to a sale agreement for a consumer credit sale (or for the refinancing or consolidation of a consumer credit sale) that is entered into after June 30, 2020:

(1) The credit service charge authorized by this section must be:

(A) contracted for between the seller and the debtor; and

(B) calculated by applying a rate not exceeding the rate set forth in subsection (b) to unpaid balances of the amount financed.

(2) A sale agreement for a precomputed consumer credit sale is prohibited.

(3) Subject to subsection (m), in addition to the credit service charge authorized by subsection (b) and to any other fees permitted by this chapter, and not subject to the rate set forth in subsection (b), the seller may contract for and receive as a condition for, or an incident to, the extension of credit a nonrefundable prepaid finance charge under subsection (k), whether the charge is:

(A) paid separately in cash or by check before or at consummation; or

(B) withheld from the proceeds of the consumer credit sale.

(e) For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are



1 delivered or services performed more than thirty (30) days after  
 2 that date, with the date of commencement of delivery or  
 3 performance except as follows:

4 (1) This subdivision applies to a delay attributable to the  
 5 customer. Where the customer requests delivery after the  
 6 thirty (30) day period or where delivery occurs after the  
 7 thirty (30) day period for a reason attributable to the  
 8 customer (including but not limited to failure to close on a  
 9 residence or failure to obtain lease approval), the term of the  
 10 sale agreement shall commence with the date credit is  
 11 granted.

12 (2) This subdivision applies to a partial delivery. Where any  
 13 portion of the order has been delivered within the thirty (30)  
 14 day period, the term of the sale agreement shall commence  
 15 with the date credit is granted.

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

23 (f) With respect to a consumer credit sale made pursuant to a  
 24 revolving charge account, the parties to the sale may contract for  
 25 the payment by the buyer of a credit service charge not exceeding  
 26 that permitted in this section, subject to the following:

27 (1) The credit service charge contracted for and received may  
 28 not exceed a charge in each monthly billing cycle which is two  
 29 and eighty-three thousandths percent (2.083%) of an amount  
 30 not greater than:

31 (A) the average daily balance of the account;

32 (B) the unpaid balance of the account on the same day of  
 33 the billing cycle; or

34 (C) subject to subsection (g), the median amount within a  
 35 specified range within which the average daily balance of  
 36 the account or the unpaid balance of the account, on the  
 37 same day of the billing cycle, is included.

38 For purposes of clauses (B) and (C), a variation of not more  
 39 than four (4) days from month to month is "the same day of  
 40 the billing cycle".

41 (2) If the billing cycle is not monthly, the maximum charge is  
 42 that percentage which bears the same relation to the



1 applicable monthly maximum percentage as the number of  
2 days in the billing cycle bears to thirty (30).

3 (3) Notwithstanding subdivision (1), if there is an unpaid  
4 balance on the date as of which the credit service charge is  
5 applied, the seller may contract for and receive a charge not  
6 exceeding fifty cents (\$0.50) if the billing cycle is monthly or  
7 longer, or the pro rata part of fifty cents (\$0.50) which bears  
8 the same relation to fifty cents (\$0.50) as the number of days  
9 in the billing cycle bears to thirty (30) if the billing cycle is  
10 shorter than monthly. However, a seller may not contract for  
11 or receive a charge under this subdivision if the seller has  
12 made an annual charge for the same period as permitted by  
13 the provisions on additional charges in section 5(a)(5) of this  
14 chapter.

15 (g) Subject to classifications and differentiations the seller may  
16 reasonably establish, the seller may make the same credit service  
17 charge on all amounts financed within a specified range. A credit  
18 service charge so made does not violate subsection (b) if:

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

22 (2) when applied to the lowest amount within each range, it  
23 does not produce a rate of credit service charge exceeding the  
24 rate calculated according to subdivision (1) by more than  
25 eight percent (8%) of the rate calculated according to  
26 subdivision (1).

27 (h) Notwithstanding subsection (b), with respect to a consumer  
28 sale other than a sale under a revolving charge account, the seller  
29 may contract for and receive a minimum credit service charge of  
30 not more than thirty dollars (\$30). The minimum credit service  
31 charge allowed under this subsection may be imposed only if the  
32 seller does not contract for or receive a nonrefundable prepaid  
33 finance charge under subsection (k) and:

34 (1) the debtor prepays in full a consumer credit sale,  
35 refinancing, or consolidation, regardless of whether the sale,  
36 refinancing, or consolidation is precomputed;

37 (2) the sale, refinancing, or consolidation prepaid by the  
38 debtor is subject to a credit service charge that:

39 (A) is contracted for by the parties; and

40 (B) does not exceed the rate prescribed in subsection (b);  
41 and

42 (3) the credit service charge earned at the time of prepayment



1 is less than the minimum credit service charge contracted for  
2 under this subsection.

3 (i) The amounts of two thousand dollars (\$2,000) and four  
4 thousand dollars (\$4,000) in subsection (b) are subject to change  
5 pursuant to the provisions on adjustment of dollar amounts  
6 (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a), the  
7 Reference Base Index to be used under this subsection is the Index  
8 for October 2012.

9 (j) The amount of thirty dollars (\$30) in subsection (h) is subject  
10 to change under the provisions on adjustment of dollar amounts  
11 (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a), the  
12 Reference Base Index to be used under this subsection is the Index  
13 for October 1992.

14 (k) This subsection applies to a sale agreement entered into after  
15 June 30, 2020. Except as provided in subsection (h), and subject to  
16 subsection (m), in addition to the credit service charge authorized  
17 by subsection (b), and to any other fees permitted by this chapter,  
18 a seller may contract for and receive a nonrefundable prepaid  
19 finance charge in an amount which is not more than:

20 (1) seventy-five dollars (\$75) for an amount financed which is  
21 two thousand dollars (\$2,000) or less;

22 (2) one hundred fifty dollars (\$150) for an amount financed  
23 which is more than two thousand dollars (\$2,000) but does not  
24 exceed four thousand dollars (\$4,000); and

25 (3) two hundred dollars (\$200) for an amount financed which  
26 is more than four thousand dollars (\$4,000).

27 The nonrefundable prepaid finance charge is not subject to refund  
28 or rebate. However, any amount charged by the seller, other than  
29 by a seller that is a depository institution, under this subsection  
30 that exceeds the applicable amount permitted by this subsection  
31 constitutes a violation of this article under IC 37-2-7-8(12) and is  
32 subject to refund. Any amount charged by a depository institution  
33 under this subsection that exceeds the applicable amount set forth  
34 in this subsection is subject to refund. The amounts in this  
35 subsection are not subject to change under IC 37-2-1-5.

36 (l) If the director determines that a seller's accrual method of  
37 accounting as applied to a consumer credit sale under this section  
38 involves the application of subterfuge for the purpose of  
39 circumventing this chapter, the director may conform the credit  
40 service charge and fees for the transaction to the limitations set  
41 forth in this section and may require a refund of overcharges  
42 under IC 37-2-7-5(b)(1). A determination by the director under this





subsection:

- (1) must be in writing;
- (2) shall be delivered to all parties in the transaction; and
- (3) is subject to IC 4-21.5-3.

(m) At the time of consummation of a consumer credit sale:

- (1) the credit service charge authorized by subsection (b); and
- (2) the nonrefundable prepaid finance charge authorized by subsection (k) (including any amount charged by a depository institution that exceeds the applicable amount set forth in subsection (k)) in the case of a sale agreement entered into after June 30, 2020;

are subject to IC 35-45-7 and, when combined, may not exceed the rate set forth in IC 35-45-7-2.

Sec. 5. (a) In addition to the credit service charge permitted by this chapter, a seller may contract for and receive any of the following additional charges in connection with a consumer credit sale:

- (1) Official fees and taxes.
- (2) Charges for insurance as described in subsection (b).
- (3) Notwithstanding provisions of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for other benefits, including insurance, conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, and are excluded as permissible additional charges from the credit service charge. With respect to any additional charge not specifically provided for in this section, to be a permitted charge under this subsection the seller must submit a written explanation of the charge to the department indicating how the charge would be assessed and the value or benefit to the consumer. Supporting documents may be required by the department. The department shall determine whether the charge would be of benefit to the consumer and is reasonable in relation to the benefits.
- (4) A charge not to exceed twenty-five dollars (\$25) for each returned payment by a bank or other depository institution of a dishonored check, electronic funds transfer, negotiable order of withdrawal, or share draft issued by the consumer.
- (5) Annual participation fees assessed in connection with a revolving charge account. Annual participation fees must:
  - (A) be reasonable in amount;
  - (B) bear a reasonable relationship to the seller's costs to



- 1 maintain and monitor the charge account; and
- 2 (C) not be assessed for the purpose of circumvention or
- 3 evasion of this article, as determined by the department.
- 4 (6) A charge not to exceed twenty-five dollars (\$25) for a
- 5 skip-a-payment service, subject to the following:
- 6 (A) At the time of use of the service, the consumer must be
- 7 given written notice of the amount of the charge and must
- 8 acknowledge the amount in writing, including by electronic
- 9 signature.
- 10 (B) A charge for a skip-a-payment service may not be
- 11 assessed with respect to a consumer credit sale subject to
- 12 the provisions on rebate upon prepayment that are set
- 13 forth in section 12 of this chapter.
- 14 (C) A charge for a skip-a-payment service may not be
- 15 assessed with respect to any payment for which a
- 16 delinquency charge has been assessed under section 6 of
- 17 this chapter.
- 18 (7) A charge not to exceed ten dollars (\$10) for an optional
- 19 expedited payment service, subject to the following:
- 20 (A) The charge may be assessed only upon request by the
- 21 consumer to use the expedited payment service.
- 22 (B) The amount of the charge must be disclosed to the
- 23 consumer at the time of the consumer's request to use the
- 24 expedited payment service.
- 25 (C) The consumer must be informed that the consumer
- 26 retains the option to make a payment by traditional means.
- 27 (D) The charge may not be established in advance, through
- 28 any agreement with the consumer, as the expected method
- 29 of payment.
- 30 (E) The charge may not be assessed with respect to any
- 31 payment for which a delinquency charge has been assessed
- 32 under section 6 of this chapter.
- 33 (8) A charge for a GAP agreement, subject to subsection (d).
- 34 (b) An additional charge may be made for insurance written in
- 35 connection with the sale, other than insurance protecting the seller
- 36 against the consumer's default or other credit loss:
- 37 (1) with respect to insurance against loss of or damage to
- 38 property, or against liability, if the seller furnishes a clear and
- 39 specific statement in writing to the consumer, setting forth the
- 40 cost of the insurance if obtained from or through the seller
- 41 and stating that the consumer may choose the person, subject
- 42 to the seller's reasonable approval, through whom the



insurance is to be obtained; and

(2) with respect to consumer credit insurance providing life, accident, unemployment or other loss of income, or health coverage, if the insurance coverage is not a factor in the approval by the seller of the extension of credit and is clearly disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific, affirmative, written indication of the desire to do so after written disclosure of the cost.

(c) With respect to a subordinate lien mortgage transaction, the following closing costs, if the costs are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this article:

(1) fees for title examination, abstract of title, title insurance, property surveys, or similar purposes;

(2) fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents;

(3) notary and credit report fees;

(4) amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the credit service charge; and

(5) appraisal fees.

(d) An additional charge may be made for a GAP agreement, subject to the following:

(1) A GAP agreement or GAP coverage may not be required by the seller, and that fact must be disclosed in writing to the consumer.

(2) The charge for the initial term of coverage under the GAP agreement must be disclosed in writing to the consumer. The charge may be disclosed on a unit-cost basis only in the case of the following transactions:

(A) Revolving charge accounts.

(B) Closed-end credit transactions, if the request for coverage is made by mail or telephone.

(C) Closed-end credit transactions, if the GAP agreement limits the total amount of indebtedness eligible for coverage.

(3) If the term of coverage under the GAP agreement is less than the term of the consumer credit sale, the term of coverage under the GAP agreement must be disclosed in writing to the consumer.

(4) The consumer must sign or initial an affirmative written



request for coverage after receiving all required disclosures.

(5) The GAP agreement must include the following:

(A) In the case of GAP coverage for a new motor vehicle, the manufacturer's suggested retail price (MSRP) for the motor vehicle.

(B) In the case of GAP coverage for a used motor vehicle, the average retail value for the motor vehicle, as determined by use of a third party valuation service provider that is customarily relied upon in the used motor vehicle commercial marketplace.

(C) The name of the financing entity taking assignment of the agreement.

(D) The name and address of the consumer.

(E) The name of the creditor selling the agreement.

(F) Information advising the consumer that the consumer may be able to obtain similar coverage from the consumer's primary insurance carrier.

(G) A coverage provision that includes a minimum deductible of five hundred dollars (\$500).

(H) A provision providing for a minimum thirty (30) day free-look period.

(I) In the case of a consumer credit sale involving a motor vehicle, a provision excluding the sale of GAP coverage if the amount financed under the consumer credit sale (not including the cost of the GAP agreement, the cost of any credit insurance, and the cost of any warranties or service agreements) is less than eighty percent (80%) of the manufacturer's suggested retail price (MSRP), in the case of a new motor vehicle, or the average retail value (as determined by use of a third party valuation service provider that is customarily relied upon in the used motor vehicle commercial marketplace), in the case of a used motor vehicle.

(J) In the case of a GAP agreement in which the charge for the agreement exceeds four hundred dollars (\$400), specific instructions that may be used by the consumer to cancel the agreement and obtain a refund of the unearned GAP charge before prepayment in full, in accordance with the procedures, and subject to the conditions, set forth in subdivision (6).

(6) If the charge for the GAP agreement exceeds four hundred dollars (\$400), the consumer is entitled to cancel the



1 agreement and obtain a refund of the unearned GAP charge  
 2 before prepayment in full. Refunds of unearned GAP charges  
 3 shall be made subject to the following conditions:

4 (A) A refund of the charge for a GAP agreement must be  
 5 calculated using a method that is no less favorable to the  
 6 consumer than a refund calculated on a pro rata basis.

7 (B) The consumer is entitled to a refund of the unearned  
 8 GAP agreement charge as outlined in the GAP agreement.

9 (C) The seller of the GAP agreement is responsible for  
 10 making a timely refund to the consumer of unearned GAP  
 11 agreement charges under the terms and conditions of the  
 12 GAP agreement.

13 (7) Upon prepayment in full of the consumer credit sale:

14 (A) the GAP coverage is automatically terminated; and

15 (B) the seller of the GAP agreement must issue a refund in  
 16 accordance with subdivision (6).

17 (8) A creditor that sells GAP agreements must:

18 (A) insure its GAP agreement obligations under a  
 19 contractual liability insurance policy issued by an insurer  
 20 authorized to engage in the insurance business in Indiana;  
 21 and

22 (B) retain appropriate records, as required under this  
 23 article, regarding GAP agreements sold, refunded, and  
 24 expired.

25 Sec. 6. (a) With respect to a consumer credit sale, refinancing,  
 26 or consolidation, the parties may contract for a delinquency charge  
 27 of not more than the following:

28 (1) Five dollars (\$5) on any installment or minimum payment  
 29 due that is not paid in full not later than ten (10) days after its  
 30 scheduled due date, in the case of a consumer credit sale,  
 31 refinancing, or consolidation that is made before July 1, 2019.  
 32 The amount of five dollars (\$5) in this subdivision is subject  
 33 to change under IC 37-2-1-5. In addition, the parties may  
 34 provide by contract for a delinquency charge that is subject  
 35 to change. If the parties provide by contract for a delinquency  
 36 charge that is subject to change, the seller shall disclose in the  
 37 contract that the amount of the delinquency charge is subject  
 38 to change under IC 37-2-1-5 or this section.

39 (2) In the case of a consumer credit sale, refinancing, or  
 40 consolidation that is made after June 30, 2019, the following:

41 (A) Five dollars (\$5) on any installment or minimum  
 42 payment due that is not paid in full not later than ten (10)



1 days after its scheduled due date, if installments under the  
 2 consumer credit sale, refinancing, or consolidation are due  
 3 every fourteen (14) days or less. The amount of five dollars  
 4 (\$5) in this clause is not subject to change under  
 5 IC 37-2-1-5.

6 (B) Twenty-five dollars (\$25) on any installment or  
 7 minimum payment due that is not paid in full not later  
 8 than ten (10) days after its scheduled due date, if  
 9 installments under the consumer credit sale, refinancing,  
 10 or consolidation are due every fifteen (15) days or more.  
 11 The amount of twenty-five dollars (\$25) in this clause is not  
 12 subject to change under IC 37-2-1-5.

13 (C) Twenty-five dollars (\$25) on any installment or  
 14 minimum payment due that is not paid in full not later  
 15 than ten (10) days after its scheduled due date, in the case  
 16 of a consumer credit sale, refinancing, or consolidation  
 17 that is payable in a single installment that is due at least  
 18 thirty (30) days after the consumer credit sale, refinancing,  
 19 or consolidation is made. The amount of twenty-five  
 20 dollars (\$25) in this clause is not subject to change under  
 21 IC 37-2-1-5.

22 (b) A delinquency charge under this section may be collected  
 23 only once on an installment however long it remains in default. A  
 24 delinquency charge on consumer credit sales made under a  
 25 revolving charge account may be applied each month that the  
 26 payment is less than the minimum required payment. A  
 27 delinquency charge may be collected any time after it accrues. No  
 28 delinquency charge may be collected if:

- 29 (1) the installment has been deferred and a deferral charge
- 30 under section 7 of this chapter has been paid or incurred;
- 31 (2) a charge for a skip-a-payment service has been paid or
- 32 incurred, as provided in section 5 of this chapter; or
- 33 (3) a charge for an optional expedited payment service has
- 34 been paid or incurred, as provided in section 5 of this chapter.

35 (c) A creditor may not, directly or indirectly, charge or collect  
 36 a delinquency charge on a payment that:

- 37 (1) is paid not later than ten (10) days after its scheduled due
- 38 date; and
- 39 (2) is otherwise a full payment of the payment due for the
- 40 applicable installment period;

41 if the only delinquency with respect to the consumer credit sale,  
 42 refinancing, or consolidation is attributable to a delinquency



1 charge assessed on an earlier installment.

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

18 Sec. 7. (a) This section applies only to a consumer credit sale,  
19 refinancing, or consolidation, that is entered into before July 1,  
20 2020. With respect to a precomputed consumer credit sale,  
21 refinancing, or consolidation, the parties before or after default  
22 may agree in writing to a deferral of all or part of one (1) or more  
23 unpaid installments, and the seller may make and collect a charge  
24 not exceeding the lesser of thirty-six percent (36%) per year or the  
25 rate previously stated to the buyer pursuant to section 13 of this  
26 chapter applied to the amount or amounts deferred for the period  
27 of deferral calculated without regard to differences in lengths of  
28 months, but proportionately for a part of a month, counting each  
29 day as one-thirtieth (1/30) of a month. A deferral charge may be  
30 collected at the time it is assessed or at any time thereafter.

31 (b) The seller, in addition to the deferral charge, may make  
32 appropriate additional charges under section 5 of this chapter, and  
33 the amount of these charges which is not paid in cash may be added  
34 to the amount deferred for the purpose of calculating the deferral  
35 charge.

36 (c) The parties may agree in writing at the time of a  
37 precomputed consumer credit sale, refinancing, or consolidation  
38 that if an installment is not paid within ten (10) days after its due  
39 date, the seller may unilaterally grant a deferral and make charges  
40 as provided in this section. No deferral charge may be made for a  
41 period after the date that the seller elects to accelerate the maturity  
42 of the agreement.



1 (d) A delinquency charge made by the seller on an installment  
 2 may not be retained if a deferral charge is made pursuant to this  
 3 section with respect to the period of delinquency.

4 Sec. 8. With respect to a consumer credit sale, refinancing, or  
 5 consolidation, the seller may by agreement with the buyer  
 6 refinance the unpaid balance and may contract for and receive a  
 7 credit service charge based on the amount financed resulting from  
 8 the refinancing at a rate not exceeding that permitted by the  
 9 provisions on credit service charge for consumer credit sales under  
 10 section 4 of this chapter. For the purpose of determining the credit  
 11 service charge permitted, the amount financed resulting from the  
 12 refinancing comprises the following:

13 (1) If:

14 (A) the transaction was not precomputed, the total of the  
 15 unpaid balance and accrued charges on the date of  
 16 refinancing; or

17 (B) the transaction was precomputed, in the case of a  
 18 transaction entered into before July 1, 2020, the amount  
 19 which the buyer would have been required to pay upon  
 20 prepayment pursuant to the provisions on rebate upon  
 21 prepayment (section 12 of this chapter) on the date of  
 22 refinancing.

23 (2) Appropriate additional charges under section 5 of this  
 24 chapter, payment of which is deferred.

25 Sec. 9. If a buyer owes an unpaid balance to a seller with respect  
 26 to a consumer credit sale, refinancing, or consolidation, and  
 27 becomes obligated on another consumer credit sale, refinancing, or  
 28 consolidation with the same seller, the parties may agree to a  
 29 consolidation resulting in a single schedule of payments pursuant  
 30 to either of the following:

31 (1) The parties may agree to refinance the unpaid balance  
 32 with respect to the previous sale pursuant to the provisions on  
 33 refinancing (section 8 of this chapter) and to consolidate the  
 34 amount financed resulting from the refinancing by adding it  
 35 to the amount financed with respect to the subsequent sale.  
 36 The seller may contract for and receive a credit service  
 37 charge based on the aggregate amount financed resulting  
 38 from the consolidation at a rate not exceeding that permitted  
 39 by the provisions on credit service charge for consumer credit  
 40 sales (section 4 of this chapter).

41 (2) The parties may agree to consolidate by adding together  
 42 the unpaid balances with respect to the two sales.





1       **Sec. 10. (a)** If the agreement with respect to a consumer credit  
 2       sale, refinancing, or consolidation contains covenants by the buyer  
 3       to perform certain duties pertaining to insuring or preserving  
 4       collateral and the seller pursuant to the agreement pays for  
 5       performance of the duties on behalf of the buyer, the seller may  
 6       add the amounts paid to the debt. Within a reasonable time after  
 7       advancing any sums, the seller shall state to the buyer in writing  
 8       the amount of the sums advanced, any charges with respect to this  
 9       amount, and any revised payment schedule and, if the duties of the  
 10      buyer performed by the seller pertain to insurance, a brief  
 11      description of the insurance paid for by the seller including the  
 12      type and amount of coverages. No further information need be  
 13      given.

14      **(b)** A credit service charge may be made for sums advanced  
 15      pursuant to subsection (a) at a rate not exceeding the rate stated to  
 16      the buyer pursuant to section 13 of this chapter with respect to the  
 17      sale, refinancing or consolidation, except that with respect to a  
 18      revolving charge account the amount of the advance may be added  
 19      to the unpaid balance of the account and the seller may make a  
 20      credit service charge not exceeding that permitted by the  
 21      provisions on credit service charge for revolving charge accounts  
 22      set forth in section 4(f) of this chapter.

23      **Sec. 11. (a)** Subject to the provisions on rebate upon prepayment  
 24      set forth in section 12 of this chapter, the buyer may prepay in full  
 25      the unpaid balance of a consumer credit sale, refinancing, or  
 26      consolidation at any time without penalty.

27      **(b)** At the time of prepayment of a credit sale not subject to the  
 28      provisions of rebate upon prepayment set forth in section 12 of this  
 29      chapter, the total credit service charge:

- 30          (1) including the prepaid credit service charge; but
- 31          (2) subject to section 4(m) of this chapter, excluding the
- 32          nonrefundable prepaid finance charge allowed under section
- 33          4(k) of this chapter, in the case of a sale agreement entered
- 34          into after June 30, 2020;

35      may not exceed the maximum charge allowed under this chapter  
 36      for the period the credit sale was in effect.

37      **(c)** The creditor or mortgage servicer shall provide, in writing,  
 38      an accurate payoff amount for the consumer credit sale to the  
 39      debtor within seven (7) business days (excluding legal public  
 40      holidays, Saturdays, and Sundays) after the creditor or mortgage  
 41      servicer receives the debtor's written request for the accurate  
 42      consumer credit sale payoff amount. A payoff statement provided



by a creditor or mortgage servicer under this subsection must show the date the statement was prepared and itemize the unpaid principal balance and each fee, charge, or other sum included within the payoff amount. A creditor or mortgage servicer who fails to provide the accurate consumer credit sale payoff amount is liable for:

(1) one hundred dollars (\$100) if an accurate consumer credit sale payoff amount is not provided by the creditor or mortgage servicer within seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the creditor or mortgage servicer receives the debtor's first written request; and

(2) the greater of:

(A) one hundred dollars (\$100); or

(B) the credit service charge that accrues on the sale from the date the creditor or mortgage servicer receives the first written request until the date on which the accurate consumer credit sale payoff amount is provided;

if an accurate consumer credit sale payoff amount is not provided by the creditor or mortgage servicer within seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the creditor or mortgage servicer receives the debtor's second written request, and the creditor or mortgage servicer failed to comply with subdivision (1).

A liability under this subsection is an excess charge under IC 37-2-6-9.

(d) As used in this subsection, "mortgage transaction" means a consumer credit sale in which a mortgage or a land contract (or another consensual security interest equivalent to a mortgage or a land contract) that constitutes a lien is created or retained against land upon which there is constructed or intended to be constructed a dwelling that is or will be used by the debtor primarily for personal, family, or household purposes. This subsection applies to a mortgage transaction with respect to which any installment or minimum payment due is delinquent for at least sixty (60) days. The creditor, servicer, or the creditor's agent shall acknowledge a written offer made in connection with a proposed short sale not later than five (5) business days (excluding legal public holidays, Saturdays, and Sundays) after the date of the offer if the offer complies with the requirements for a qualified written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or creditor's agent is required to acknowledge a written offer made



1 in connection with a proposed short sale from a third party acting  
 2 on behalf of the debtor only if the debtor has provided written  
 3 authorization for the creditor, servicer, or creditor's agent to do so.  
 4 Not later than thirty (30) business days (excluding legal public  
 5 holidays, Saturdays, and Sundays) after receipt of an offer under  
 6 this subsection, the creditor, servicer, or creditor's agent shall  
 7 respond to the offer with an acceptance or a rejection of the offer.  
 8 The thirty (30) day period described in this subsection may be  
 9 extended for not more than fifteen (15) business days (excluding  
 10 legal public holidays, Saturdays, and Sundays) if, before the end of  
 11 the thirty (30) day period, the creditor, the servicer, or the  
 12 creditor's agent notifies the debtor of the extension and the reason  
 13 the extension is needed. Payment accepted by a creditor, servicer,  
 14 or creditor's agent in connection with a short sale constitutes  
 15 payment in full satisfaction of the mortgage transaction unless the  
 16 creditor, servicer, or creditor's agent obtains either:

17 (1) a statement that: "The debtor remains liable for any  
 18 amount still owed under the mortgage transaction."; or

19 (2) a statement substantially similar to the statement set forth  
 20 in subdivision (1);

21 acknowledged by the initials or signature of the debtor, on or  
 22 before the date on which the short sale payment is accepted. As  
 23 used in this subsection, "short sale" means a transaction in which  
 24 the property that is the subject of a mortgage transaction is sold  
 25 for an amount that is less than the amount of the debtor's  
 26 outstanding obligation under the mortgage transaction. A creditor  
 27 or mortgage servicer that fails to respond to an offer within the  
 28 time prescribed by this subsection is liable in accordance with 12  
 29 U.S.C. 2605(f) in any action brought under that section.

30 (e) This section is not intended to provide the owner of real  
 31 estate subject to the issuance of process under a judgment or  
 32 decree of foreclosure any protection or defense against a deficiency  
 33 judgment for purposes of the borrower protections from liability  
 34 that must be disclosed under 12 CFR 1026.38(p)(3) on the form  
 35 required by 12 CFR 1026.38 ("Closing Disclosures" form under  
 36 the Amendments to the 2013 Integrated Mortgage Disclosures Rule  
 37 Under the Real Estate Settlement Procedures Act (Regulation X)  
 38 and the Truth In Lending Act (Regulation Z) and the 2013 Loan  
 39 Originator Rule Under the Truth in Lending Act (Regulation Z)).

40 Sec. 12. (a) Except for subsections (b) and (i), this section applies  
 41 only to a sale agreement entered into before July 1, 2020. Except as  
 42 provided in subsection (b), upon prepayment in full of the unpaid



balance of a precomputed consumer credit sale, refinancing, or consolidation, an amount not less than the unearned portion of the credit service charge calculated according to this section shall be rebated to the buyer. If the rebate required is less than one dollar (\$1), no rebate need be made.

(b) Upon prepayment in full of a consumer credit sale, refinancing, or consolidation, other than one pursuant to a revolving charge account, if the credit service charge then earned is less than any permitted minimum credit service charge under section 4(h) of this chapter contracted for, whether or not the sale, refinancing, or consolidation is precomputed, the seller may collect or retain the minimum charge, as if earned, not exceeding the credit service charge contracted for.

(c) The unearned portion of the credit service charge is a fraction of the credit service charge of which the numerator is the sum of the periodic balances scheduled to follow the computational period in which prepayment occurs, and the denominator is the sum of all periodic balances under either the sale agreement or, if the balance owing resulted from a refinancing (section 8 of this chapter) or a consolidation (section 9 of this chapter), under the refinancing agreement or consolidation agreement.

(d) In this section:

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

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

(3) the "interval" to the due date of the first scheduled installment or the final scheduled payment date is measured from the date of a sale, refinancing, or consolidation, or any later date prescribed for calculating maximum credit service charges under section 4(e) of this chapter and includes either the first or last day of the interval; and

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



1 (e) This subsection applies only if the schedule of payments is  
2 not regular.

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

4 (A) if the number of days in the interval to the due date of  
5 the first scheduled installment is less than one (1) month by  
6 more than five (5) days, or more than one (1) month by  
7 more than five (5) but not more than fifteen (15) days, the  
8 unearned credit service charge shall be increased by an  
9 adjustment for each day by which the interval is less than  
10 one (1) month and, at the option of the seller, may be  
11 reduced by an adjustment for each day by which the  
12 interval is more than one (1) month; the adjustment for  
13 each day shall be one-thirtieth (1/30) of that part of the  
14 credit service charge earned in the computational period  
15 prior to the due date of the first scheduled installment  
16 assuming that period to be one (1) month; and

17 (B) if the interval to the final scheduled payment date is a  
18 number of computational periods plus an additional  
19 number of days less than a full month, the additional  
20 number of days shall be considered a computational period  
21 only if sixteen (16) days or more. This clause applies  
22 whether or not clause (A) applies.

23 (2) Notwithstanding subdivision (1), if the computational  
24 period is one (1) month, the number of days in the interval to  
25 the due date of the first installment exceeds one (1) month by  
26 not more than fifteen (15) days, and the schedule of payments  
27 is otherwise regular, the seller, at the seller's option, may  
28 exclude the extra days and the charge for the extra days in  
29 computing the unearned credit service charge; but if the seller  
30 does so and a rebate is required before the due date of the  
31 first scheduled installment, the seller shall compute the earned  
32 charge for each elapsed day as one-thirtieth (1/30) of the  
33 amount the earned charge would have been if the first  
34 interval had been one (1) month.

35 (3) If the computational period is one (1) week and:

36 (A) if the number of days in the interval to the due date of  
37 this first scheduled installment is less than five (5) days or  
38 more than nine (9) days but not more than eleven (11)  
39 days, the unearned credit service charge shall be increased  
40 by an adjustment for each day by which the interval is less  
41 than seven (7) days and, at the option of the seller, may be  
42 reduced by an adjustment for each day by which the



1 interval is more than seven (7) days; the adjustment for  
 2 each day shall be one-seventh (1/7) of that part of the  
 3 credit service charge earned in the computational period  
 4 prior to the due date of the first scheduled installment  
 5 assuming that period to be one (1) week; and

6 (B) if the interval to the final scheduled payment date is a  
 7 number of computational periods plus an additional  
 8 number of days less than a full week, the additional  
 9 number of days shall be considered a computational period  
 10 only if five (5) days or more. This clause applies whether or  
 11 not clause (A) applies.

12 (f) If a deferral under section 7 of this chapter has been agreed  
 13 to, the unearned portion of the credit service charge shall be  
 14 computed without regard to the deferral. The amount of deferral  
 15 charge earned at the date of prepayment shall also be calculated.  
 16 If the deferral charge earned is less than the deferral charge paid,  
 17 the difference shall be added to the unearned portion of the credit  
 18 service charge. If any part of a deferral charge has been earned but  
 19 has not been paid, that part shall be subtracted from the unearned  
 20 portion of the credit service charge or shall be added to the unpaid  
 21 balance.

22 (g) This section does not preclude the collection or retention by  
 23 the seller of delinquency charges under section 6 of this chapter.

24 (h) If the maturity is accelerated for any reason and judgment  
 25 is obtained, the buyer is entitled to the same rebate as if payment  
 26 had been made on the date judgment is entered.

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

35 (j) Upon prepayment in full of a transaction with a term of more  
 36 than sixty-one (61) months, the unearned part of the credit service  
 37 charge shall be computed by applying the disclosed annual  
 38 percentage rate that would yield the credit service charge  
 39 originally contracted for to the unpaid balances of the amount  
 40 financed for the full computational periods following the  
 41 prepayment, as originally scheduled or as deferred.

42 Sec. 13. (a) For purposes of this section, "consumer credit sale"



1 includes a sale that is a sale of an interest in land and that is a first  
 2 lien mortgage transaction if the sale is otherwise a consumer credit  
 3 sale.

4 (b) The seller shall disclose to the buyer to whom credit is  
 5 extended with respect to a consumer credit sale, and the lessor  
 6 shall disclose to the lessee with respect to a consumer lease, the  
 7 information required by the Consumer Credit Protection Act (15  
 8 U.S.C. 1601 et seq.).

9 (c) For purposes of subsection (b), disclosures shall not be  
 10 required on a consumer credit sale if the transaction is exempt  
 11 from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

12 Sec. 14. A seller may not use multiple agreements with intent to  
 13 obtain a higher credit service charge than would otherwise be  
 14 permitted by this article or to avoid disclosure of an annual  
 15 percentage rate pursuant to section 13 of this chapter. The excess  
 16 amount of credit service charge provided for in agreements in  
 17 violation of this section is an excess charge for the purposes of the  
 18 provisions on the effect of violations on rights of parties  
 19 (IC 37-2-6-9) and the provisions on civil actions by the department  
 20 (IC 37-2-7-14).

21 Sec. 15. (a) For the purposes of this section, "terms of the  
 22 refinancing" means:

23 (1) in the case of a fixed-rate consumer credit sale, the  
 24 individual payment amounts, the charges as a result of default  
 25 by the buyer, and the rate of the credit service charge; and

26 (2) in the case of a variable rate consumer credit sale, the  
 27 method used to determine the individual payment amounts,  
 28 the charges as a result of default by the buyer, the method  
 29 used to determine the rate of the credit service charge, the  
 30 circumstances under which the rate of the credit service  
 31 charge may increase, and any limitations on the increase in  
 32 the rate of the credit service charge.

33 (b) With respect to a consumer credit sale, other than one  
 34 pursuant to a revolving charge account or one on which only credit  
 35 service charges are payable before the time that the final scheduled  
 36 payment is due, if any scheduled payment is more than twice as  
 37 large as the average of earlier scheduled payments, the buyer has  
 38 the right to refinance the amount of that payment at the time it is  
 39 due without penalty. The terms of the refinancing shall be no less  
 40 favorable to the buyer than the terms of the original sale. This  
 41 section does not apply to the extent that the payment schedule is  
 42 adjusted to the seasonal or irregular income of the buyer.



1       **Sec. 16.** The obligation of a lessee upon expiration of a consumer  
 2 lease may not exceed three (3) times the average payment allocable  
 3 to a monthly period under the lease. This limitation does not apply  
 4 to charges for damages to the leased property or for other default.

5       **Sec. 17. (a)** With respect to a consumer credit sale, a seller may  
 6 take a security interest in the property sold. In addition, a seller  
 7 may take a security interest in goods upon which services are  
 8 performed or in which goods sold are installed or to which they are  
 9 annexed, or in land to which the goods are affixed or which is  
 10 maintained, repaired, or improved as a result of the sale of the  
 11 goods or services, if, in the case of a subordinate lien mortgage  
 12 transaction, the debt secured is four thousand dollars (\$4,000) or  
 13 more, or, in the case of a security interest in goods the debt secured  
 14 is three hundred dollars (\$300) or more. Except as provided with  
 15 respect to cross-collateral in section 19 of this chapter, a seller may  
 16 not otherwise take a security interest in property of the buyer to  
 17 secure the debt arising from a consumer credit sale.

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

21       **(c)** A security interest taken in violation of this section is void.

22       **(d)** The amounts of four thousand dollars (\$4,000) and three  
 23 hundred dollars (\$300) in subsection (a) are subject to change  
 24 pursuant to the provisions on adjustment of dollar amounts in  
 25 IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the  
 26 Reference Base Index to be used with respect to the amount of:

27       **(1)** three hundred dollars (\$300) is the Index for October  
 28 1992; and

29       **(2)** four thousand dollars (\$4,000) is the Index for October  
 30 2012.

31       **Sec. 18.** The leasing of live domestic animals (as defined in  
 32 IC 34-30-30-1) under this chapter is prohibited.

33       **Sec. 19. (a)** As used in this section, "seller" does not include an  
 34 assignee not related to the original seller.

35       **(b)** In addition to contracting for a security interest pursuant to  
 36 the provisions on security in sales or leases in section 17 of this  
 37 chapter, a seller in a consumer credit sale may secure the debt  
 38 arising from the sale by contracting for a security interest in other  
 39 property if as a result of a prior sale the seller has an existing  
 40 security interest in the other property. The seller may also contract  
 41 for a security interest in the property sold in the subsequent sale as  
 42 security for the previous debt.





1 (c) If the seller contracts for a security interest in other property  
2 pursuant to this section, the rate of credit service charge thereafter  
3 on the aggregate unpaid balances so secured may not exceed that  
4 permitted if the balances so secured were consolidated pursuant to  
5 the provisions on consolidation involving a refinancing in section  
6 9(a) of this chapter. The seller has a reasonable time after so  
7 contracting to make any adjustments required by this section.

8 Sec. 20. (a) If debts arising from two (2) or more consumer  
9 credit sales, other than sales pursuant to a revolving charge  
10 account, are secured by cross-collateral under section 19 of this  
11 chapter or consolidated into one (1) debt payable on a single  
12 schedule of payments, and the debt is secured by security interests  
13 taken with respect to one (1) or more of the sales, payments  
14 received by the seller after the taking of the cross-collateral or the  
15 consolidation are deemed, for the purpose of determining the  
16 amount of the debt secured by the various security interests, to  
17 have been first applied to the payment of the debts arising from the  
18 sales first made. To the extent debts are paid according to this  
19 section, security interests in items of property terminate as the debt  
20 originally incurred with respect to each item is paid.

21 (b) Payments received by the seller upon a revolving charge  
22 account are deemed, for the purpose of determining the amount of  
23 the debt secured by the various security interests, to have been  
24 applied first to the payment of credit service charges in the order  
25 of their entry to the account and then to the payment of debts in  
26 the order in which the entries to the account showing the debts  
27 were made.

28 (c) If the debts consolidated arose from two (2) or more sales  
29 made on the same day, payments received by the seller are deemed,  
30 for the purpose of determining the amount of the debts secured by  
31 the various security interests, to have been applied first to the  
32 payment of the smallest debt.

33 Sec. 21. A seller or lessor may not take an assignment of  
34 earnings of the buyer or lessee for payment or as security for  
35 payment of a claim, whether arising out of a consumer credit sale,  
36 consumer lease, or otherwise. An assignment of earnings in  
37 violation of this section is unenforceable by the assignees of the  
38 earnings and revocable by the buyer or lessee. This section does not  
39 prohibit an employee from authorizing deductions from the  
40 employee's earnings if the authorization is revocable and is  
41 otherwise permitted by law.

42 Sec. 22. With respect to a consumer credit sale or consumer



1 lease the seller or lessor may not give or offer to give a rebate or  
 2 discount or otherwise pay or offer to pay value to the buyer or  
 3 lessee as an inducement for a sale or lease in consideration of the  
 4 buyer or lessee giving to the seller or lessor the names of  
 5 prospective purchasers or lessees, or otherwise aiding the seller or  
 6 lessor in making a sale or lease to another person, if the earning of  
 7 the rebate, discount or other value is contingent upon the  
 8 occurrence of an event subsequent to the time the buyer or lessee  
 9 agrees to buy or lease. If a buyer or lessee is induced by a violation  
 10 of this section to enter into a consumer credit sale or consumer  
 11 lease, the agreement is unenforceable by the seller or lessor and the  
 12 buyer or lessee, at the buyer's or lessee's option, may rescind the  
 13 agreement or retain the goods delivered and the benefit of any  
 14 services performed, without any obligation to pay for them.

15 Sec. 23. The buyer or lessee is authorized to pay the original  
 16 seller or lessor until the buyer or lessee receives notification of  
 17 assignment of the rights to payment pursuant to a consumer credit  
 18 sale or consumer lease and that payment is to be made to the  
 19 assignee. A notification which does not reasonably identify the  
 20 rights assigned is ineffective. If requested by the buyer or lessee,  
 21 the assignee must seasonably furnish reasonable proof that the  
 22 assignment has been made and unless the assignee does so the  
 23 buyer or lessee may pay the seller or lessor.

24 Sec. 24. With respect to a consumer credit sale or consumer  
 25 lease the agreement may provide for the payment by the buyer or  
 26 lessee of reasonable attorney's fees and after default and referral  
 27 to an attorney not a salaried employee of the seller, or of the lessor  
 28 or the lessor's assignee. A provision in violation of this section is  
 29 unenforceable.

30 Sec. 25. Except for reasonable expenses incurred in realizing on  
 31 a security interest, the agreement with respect to a consumer credit  
 32 sale may not provide for any charges as a result of default by the  
 33 buyer other than those authorized by this article. A provision in  
 34 violation of this section is unenforceable.

35 Sec. 26. A buyer or lessee may not authorize any person to  
 36 confess judgment on a claim arising out of a consumer credit sale  
 37 or consumer lease. An authorization in violation of this section is  
 38 void.

39 Sec. 27. (a) This section applies to consumer credit sales,  
 40 including revolving charge accounts.

41 (b) Except as provided in subsection (c), a creditor shall credit  
 42 a payment to a consumer's account as of the date of receipt, except



when a delay in crediting does not result in a finance charge or other charge, including a delinquency charge under section 6 of this chapter. A delay in posting does not violate this section so long as the payment is credited as of the date of receipt.

(c) If a creditor specifies in writing requirements for the consumer to follow in making payments, but accepts a payment that does not conform to the requirements, the creditor shall credit the payment within five (5) days of receipt of the payment.

(d) If a creditor fails to credit a payment as required by this section in time to avoid the imposition of a finance or other charge, including a delinquency charge, the creditor shall adjust the consumer's account so that the charges imposed are credited to the consumer's account during the next payment period.

Sec. 28. The requirements of 16 CFR 429 must be met in regard to the following provisions concerning a home solicitation sale:

(1) Period within which cancellation may be made by the buyer.

(2) Notice of cancellation.

(3) Form of cancellation.

(4) Form of agreement or offer to purchase.

(5) Statement of buyer's rights.

(6) Restoration of down payment.

(7) Retention of cancellation fee.

(8) Duty of buyer.

(9) Any other relevant requirements in 16 CFR 429.

Sec. 29. The parties to a sale other than a consumer credit sale may agree in a writing signed by the parties that the sale is subject to the provisions of this article applying to consumer credit sales. If the parties so agree, the sale is a consumer credit sale for the purposes of this article.

Sec. 30. (a) With respect to a consumer related sale not made pursuant to a revolving charge account, the parties may contract for an amount comprising the amount financed and a credit service charge not in excess of twenty-five percent (25%) per year calculated according to the actuarial method on the unpaid balances of the amount financed.

(b) With respect to a consumer related sale made pursuant to a revolving charge account, the parties may contract for a credit service charge not in excess of that permitted by the provisions on credit service charge for revolving charge accounts set forth in section 4(f) of this chapter.

(c) A person engaged in consumer related sales is not required



1 to comply with IC 37-2-7-24 through IC 37-2-7-26.

2 Sec. 31. Except for the rate of the credit service charge set forth  
3 in section 4 of this chapter and the rights to prepay and to rebate  
4 upon prepayment, sections 4 through 12 of this chapter apply to a  
5 consumer related sale.

6 Sec. 32. (a) An agreement with respect to a consumer related  
7 sale may provide for only the following charges as a result of the  
8 buyer's default:

9 (1) Reasonable attorney's fees and reasonable expenses  
10 incurred in realizing on a security interest.

11 (2) Deferral charges not in excess of twenty-five percent  
12 (25%) per year of the amount deferred for the period of  
13 deferral.

14 (3) Other charges that could have been made had the sale  
15 been a consumer credit sale.

16 (b) A provision in violation of this section is unenforceable.

17 Sec. 33. With respect to a sale other than a consumer credit sale  
18 or a consumer related sale, the parties may contract for the  
19 payment by the buyer of any credit service charge.

#### 20 Chapter 4. Loans

21 Sec. 0.1. The following amendments to IC 24-4.5-3 (before its  
22 repeal) applied as follows:

23 (1) The amendments made to IC 24-4.5-3-201 (before its  
24 repeal) by P.L.163-1999 did not apply to consumer loans in  
25 existence before July 1, 1999.

26 (2) The amendments made to IC 24-4.5-3-209(1) (before its  
27 repeal) by P.L.159-2001 applied to a contract between a  
28 lender and a debtor that is entered into or renewed after June  
29 30, 2001.

30 Sec. 1. (a) This chapter applies to consumer loans, including  
31 supervised loans.

32 (b) Sections 15 through 21 of this chapter apply to consumer  
33 loans. Except as otherwise provided, all provisions of this article  
34 applying to consumer loans apply to supervised loans.

35 (c) Sections 41 through 44 of this chapter apply to consumer  
36 related loans.

37 (d) Except for the rate of the loan finance charge and the rights  
38 to prepay and to rebate upon prepayment, sections 4 through 13 of  
39 this chapter apply to a consumer related loan.

40 (e) The licensing provisions of this chapter apply to consumer  
41 credit sales under IC 37-2-3 that are subordinate lien mortgage  
42 transactions.



1       **Sec. 2. Unless a loan is made subject to this chapter by**  
 2 **agreement under section 41 of this chapter, and except with respect**  
 3 **to:**

- 4       (1) disclosure (section 14 of this chapter);
- 5       (2) debtors' remedies (IC 37-2-6-8);
- 6       (3) providing payoff amounts (section 12 of this chapter);
- 7       (4) providing property tax information (section 46 of this
- 8       chapter);
- 9       (5) powers and functions of the department (IC 37-2-7-3);
- 10       (6) the department's examination and investigatory authority
- 11       (IC 37-2-7-5); and
- 12       (7) the department's administrative enforcement authority
- 13       (IC 37-2-7-9);

14       the term "consumer loan" does not include a first lien mortgage

15       transaction.

16       **Sec. 3. A loan, refinancing, or consolidation is considered**  
 17 **precomputed if the debt is expressed as a sum comprising the**  
 18 **principal and the amount of the loan finance charge computed in**  
 19 **advance.**

20       **Sec. 4. (a) This section does not apply to a supervised loan.**  
 21 **Except as provided in subsections (f) and (i), with respect to a**  
 22 **consumer loan, a lender may contract for a loan finance charge,**  
 23 **calculated according to the actuarial method, not exceeding**  
 24 **twenty-five percent (25%) per year on the unpaid balances of the**  
 25 **principal.**

26       **(b) In the case of a loan agreement entered into before July 1,**  
 27 **2020, this section does not limit or restrict the manner of**  
 28 **contracting for the loan finance charge, whether by way of add-on,**  
 29 **discount, or otherwise, so long as the rate of the loan finance**  
 30 **charge does not exceed that permitted by this section. If the loan is**  
 31 **precomputed:**

- 32       (1) the loan finance charge may be calculated on the
- 33       assumption that all scheduled payments will be made when
- 34       due; and
- 35       (2) the effect of prepayment is governed by the provisions on
- 36       rebate upon prepayment in section 13 of this chapter.

37       **(c) The following apply to a loan agreement for a consumer loan**  
 38 **(or for the refinancing or consolidation of a consumer loan) that is**  
 39 **entered into after June 30, 2020:**

- 40       (1) The consumer loan is subject to this section, including the
- 41       limitations set forth in:
- 42       (A) subsection (a) with respect to the loan finance charge;



1 and

2 (B) subsection (i)(2) with respect to the amount of the  
3 authorized nonrefundable prepaid finance charge, in the  
4 case of a consumer loan that is not secured by an interest  
5 in land.

6 (2) The loan finance charge authorized by this section must  
7 be:

8 (A) contracted for between the lender and the debtor; and

9 (B) calculated by applying a rate not exceeding the rate set  
10 forth in subsection (a) to unpaid balances of the principal.

11 (3) A loan agreement for a precomputed consumer loan is  
12 prohibited.

13 (4) Subject to subsection (l), in addition to the loan finance  
14 charge authorized by subsection (a) and to any other fees  
15 permitted by this chapter, and not subject to the twenty-five  
16 percent (25%) rate set forth in subsection (a), the lender may  
17 contract for and receive as a condition for, or an incident to,  
18 the extension of credit a nonrefundable prepaid finance  
19 charge under subsection (i), whether the charge is:

20 (A) paid separately in cash or by check before or at  
21 consummation; or

22 (B) withheld from the proceeds of the consumer loan.

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

34 (e) With respect to a consumer loan made pursuant to a  
35 revolving loan account:

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

41 (A) the average daily balance of the debt;

42 (B) the unpaid balance of the debt on the same day of the



1            billing cycle; or

2            (C) subject to subsection (f), the median amount within a  
3            specified range within which the average daily balance or  
4            the unpaid balance of the debt, on the same day of the  
5            billing cycle, is included; for the purposes of this clause and  
6            clause (B), a variation of not more than four (4) days from  
7            month to month is "the same day of the billing cycle";

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

15           (3) notwithstanding subsection (a), if there is an unpaid  
16           balance on the date as of which the loan finance charge is  
17           applied, the lender may contract for and receive a charge not  
18           exceeding fifty cents (\$0.50) if the billing cycle is monthly or  
19           longer, or the pro rata part of fifty cents (\$0.50) which bears  
20           the same relation to fifty cents (\$0.50) as the number of days  
21           in the billing cycle bears to thirty (30) if the billing cycle is  
22           shorter than monthly, but no charge may be made pursuant  
23           to this subdivision if the lender has made an annual charge for  
24           the same period as permitted by the provisions on additional  
25           charges in section 5(a)(3) of this chapter.

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

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

33           (2) when applied to the lowest amount within each range, it  
34           does not produce a rate of loan finance charge exceeding the  
35           rate calculated according to subdivision (1) by more than  
36           eight percent (8%) of the rate calculated according to  
37           subdivision (1).

38           (g) With respect to a consumer loan not made pursuant to a  
39           revolving loan account, the lender may contract for and receive a  
40           minimum loan finance charge of not more than thirty dollars (\$30).  
41           The minimum loan finance charge allowed under this subsection  
42           may be imposed only if the lender does not contract for or receive



1 a nonrefundable prepaid finance charge under subsection (i) and:

2 (1) the debtor prepays in full a consumer loan, refinancing, or  
3 consolidation, regardless of whether the loan, refinancing, or  
4 consolidation is precomputed;

5 (2) the loan, refinancing, or consolidation prepaid by the  
6 debtor is subject to a loan finance charge that:

7 (A) is contracted for by the parties; and

8 (B) does not exceed the rate prescribed in subsection (a);  
9 and

10 (3) the loan finance charge earned at the time of prepayment  
11 is less than the minimum loan finance charge contracted for  
12 under this subsection.

13 (h) The amount of thirty dollars (\$30) in subsection (g) is subject  
14 to change under the provisions on adjustment of dollar amounts set  
15 forth in IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the  
16 Reference Base Index to be used under this subsection is the Index  
17 for October 1992.

18 (i) Except as provided in subsection (g), and subject to  
19 subsection (l), in addition to the loan finance charge authorized by  
20 subsection (a) and to any other charges and fees permitted by this  
21 chapter, a lender may contract for and receive a nonrefundable  
22 prepaid finance charge of not more than the following:

23 (1) In the case of a consumer loan that is secured by an  
24 interest in land and that:

25 (A) is not made under a revolving loan account, three  
26 percent (3%) of the loan amount; or

27 (B) is made under a revolving loan account, three percent  
28 (3%) of the line of credit.

29 (2) In the case of consumer loan that is not secured by an  
30 interest in land, fifty dollars (\$50) if the loan agreement is  
31 entered into before July 1, 2020. If the loan agreement is  
32 entered into after June 30, 2020, not more than the following:

33 (A) Seventy-five dollars (\$75), in the case of a loan  
34 agreement for a principal amount which is two thousand  
35 dollars (\$2,000) or less.

36 (B) One hundred fifty dollars (\$150) in the case of a loan  
37 agreement for a principal amount which is more than two  
38 thousand dollars (\$2,000) but does not exceed four  
39 thousand dollars (\$4,000).

40 (C) Two hundred dollars (\$200) in the case of a loan  
41 agreement for a principal amount which is more than four  
42 thousand dollars (\$4,000).





1 The amounts in this subsection are not subject to change under  
2 IC 37-2-1-5.

3 (j) The nonrefundable prepaid finance charge provided for in  
4 subsection (i) is not subject to refund or rebate. However, for any  
5 loan entered into after June 30, 2020, any amount charged by the  
6 lender, other than by a lender that is a depository institution,  
7 under subsection (i) that exceeds the applicable amount permitted  
8 by subsection (i)(2) constitutes a violation of this article under  
9 IC 37-2-7-8(12) and is subject to refund. Any amount charged by  
10 a depository institution under subsection (i) that exceeds the  
11 applicable amount set forth in subsection (i)(2) is subject to refund.

12 (k) If the director determines that a lender's accrual method of  
13 accounting as applied to a consumer loan under this section  
14 involves the application of subterfuge for the purpose of  
15 circumventing this chapter, the director may conform the loan  
16 finance charge and fees for the transaction to the limitations set  
17 forth in this section and may require a refund of overcharges  
18 under IC 37-2-7-5(b)(1). A determination by the director under this  
19 subsection:

- 20 (1) must be in writing;
- 21 (2) shall be delivered to all parties in the transaction; and
- 22 (3) is subject to IC 4-21.5-3.

23 (l) At the time of consummation of a consumer loan:

- 24 (1) the loan finance charge authorized by subsection (a); and
- 25 (2) the nonrefundable prepaid finance charge authorized by
- 26 subsection (i) (including any amount charged by a depository
- 27 institution that exceeds the applicable amount set forth in
- 28 subsection (i)(2));

29 are subject to IC 35-45-7 and, when combined, may not exceed the  
30 rate set forth in IC 35-45-7-2.

31 (m) Notwithstanding subsections (i) and (j), in the case of a  
32 consumer loan that is not secured by an interest in land, if a lender  
33 retains any part of a nonrefundable prepaid finance charge  
34 charged on a loan that is paid in full by a new loan from the same  
35 lender, the following apply:

- 36 (1) If the loan is paid in full by the new loan within three (3)
- 37 months after the date of the prior loan, the lender may not
- 38 charge a nonrefundable prepaid finance charge on the new
- 39 loan, or, in the case of a revolving loan, on the increased credit
- 40 line.
- 41 (2) The lender may not assess more than two (2)
- 42 nonrefundable prepaid finance charges in any twelve (12)



month period.

(3) Subject to subdivisions (1) and (2), if a loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (i)(2) for loan agreements entered into after June 30, 2020.

(n) 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 5(a)(4)(B) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection (i).

**Sec. 5. (a)** In addition to the loan finance charge permitted by this chapter, a lender may contract for and receive the following additional charges in connection with a consumer loan:

(1) Official fees and taxes.

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

(3) Annual participation fees assessed in connection with a revolving loan account. Annual participation fees must:

(A) be reasonable in amount;

(B) bear a reasonable relationship to the lender's costs to maintain and monitor the loan account; and

(C) not be assessed for the purpose of circumvention or evasion of this article, as determined by the department.

(4) With respect to a debt secured by an interest in land, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this article:

(A) Fees for title examination, abstract of title, title insurance, property surveys, or similar purposes.

(B) Fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents.

(C) Notary and credit report fees.

(D) Amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the loan finance charge.

(E) Appraisal fees.

(5) Notwithstanding provisions of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for other benefits, including insurance, conferred on the debtor, if the benefits are of value to the debtor and if the



charges are reasonable in relation to the benefits, and are excluded as permissible additional charges from the loan finance charge. With respect to any other additional charge not specifically provided for in this section to be a permitted charge under this subsection, the creditor must submit a written explanation of the charge to the department indicating how the charge would be assessed and the value or benefit to the debtor. Supporting documents may be required by the department. The department shall determine whether the charge would be of benefit to the debtor and is reasonable in relation to the benefits.

(6) A charge not to exceed twenty-five dollars (\$25) for each returned payment by a bank or other depository institution of a dishonored check, electronic funds transfer, negotiable order of withdrawal, or share draft issued by the debtor.

(7) With respect to a revolving loan account, a fee not to exceed twenty-five dollars (\$25) in each billing cycle during which the balance due under the revolving loan account exceeds by more than one hundred dollars (\$100) the maximum credit limit for the account established by the lender.

(8) With respect to a revolving loan account, a transaction fee that may not exceed the greater of the following:

(A) Two percent (2%) of the amount of the transaction.

(B) Ten dollars (\$10).

(9) A charge not to exceed twenty-five dollars (\$25) for a skip-a-payment service, subject to the following:

(A) At the time of use of the service, the consumer must be given written notice of the amount of the charge and must acknowledge the amount in writing, including by electronic signature.

(B) A charge for a skip-a-payment service may not be assessed with respect to a consumer loan subject to the provisions on rebate upon prepayment that are set forth in section 13 of this chapter.

(C) A charge for a skip-a-payment service may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 6 of this chapter.

(10) A charge not to exceed ten dollars (\$10) for an optional expedited payment service, subject to the following:

(A) The charge may be assessed only upon request by the



consumer to use the expedited payment service.

(B) The amount of the charge must be disclosed to the consumer at the time of the consumer's request to use the expedited payment service.

(C) The consumer must be informed that the consumer retains the option to make a payment by traditional means.

(D) The charge may not be established in advance, through any agreement with the consumer, as the expected method of payment.

(E) The charge may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 6 of this chapter.

(11) A charge for a GAP agreement, subject to subsection (c).

(12) With respect to consumer loans made by a person exempt from licensing under section 24(a) of this chapter, a charge for a debt cancellation agreement, subject to the following:

(A) A debt cancellation agreement or debt cancellation coverage may not be required by the lender, and that fact must be disclosed in writing to the consumer.

(B) The charge for the initial term of coverage under the debt cancellation agreement must be disclosed in writing to the consumer. The charge may be disclosed on a unit-cost basis only in the case of revolving loan accounts, closed-end credit transactions if the request for coverage is made by mail or telephone, and closed-end credit transactions if the debt cancellation agreement limits the total amount of indebtedness eligible for coverage.

(C) If the term of coverage under the debt cancellation agreement is less than the term of the consumer loan, the term of coverage under the debt cancellation agreement must be disclosed in writing to the consumer.

(D) The consumer must sign or initial an affirmative written request for coverage after receiving all required disclosures.

(E) If debt cancellation coverage for two (2) or more events is provided for in a single charge under a debt cancellation agreement, the entire charge may be excluded from the loan finance charge and imposed as an additional charge under this section if at least one (1) of the events is the loss of life, health, or income.

The additional charges provided for in subdivisions (7) through (10) are not subject to refund or rebate.



1 (b) An additional charge may be made for insurance in  
 2 connection with the loan, other than insurance protecting the  
 3 lender against the debtor's default or other credit loss:

4 (1) with respect to insurance against loss of or damage to  
 5 property or against liability, if the lender furnishes a clear  
 6 and specific statement in writing to the debtor, setting forth  
 7 the cost of the insurance if obtained from or through the  
 8 lender and stating that the debtor may choose the person,  
 9 subject to the lender's reasonable approval, through whom  
 10 the insurance is to be obtained; and

11 (2) with respect to consumer credit insurance providing life,  
 12 accident, unemployment or other loss of income, or health  
 13 coverage, if the insurance coverage is not a factor in the  
 14 approval by the lender of the extension of credit and this fact  
 15 is clearly disclosed in writing to the debtor, and if, in order to  
 16 obtain the insurance in connection with the extension of  
 17 credit, the debtor gives specific affirmative written indication  
 18 of the desire to do so after written disclosure of the cost of the  
 19 insurance.

20 (c) An additional charge may be made for a GAP agreement,  
 21 subject to the following:

22 (1) A GAP agreement or GAP coverage may not be required  
 23 by the lender, and that fact must be disclosed in writing to the  
 24 consumer.

25 (2) The charge for the initial term of coverage under the GAP  
 26 agreement must be disclosed in writing to the consumer. The  
 27 charge may be disclosed on a unit-cost basis only in the case  
 28 of the following transactions:

29 (A) Revolving loan accounts.

30 (B) Closed-end credit transactions, if the request for  
 31 coverage is made by mail or telephone.

32 (C) Closed-end credit transactions, if the GAP agreement  
 33 limits the total amount of indebtedness eligible for  
 34 coverage.

35 (3) If the term of coverage under the GAP agreement is less  
 36 than the term of the consumer loan, the term of coverage  
 37 under the GAP agreement must be disclosed in writing to the  
 38 consumer.

39 (4) The consumer must sign or initial an affirmative written  
 40 request for coverage after receiving all required disclosures.

41 (5) The GAP agreement must include the following:

42 (A) In the case of GAP coverage for a new motor vehicle,



- 1 the manufacturer's suggested retail price (MSRP) for the
- 2 motor vehicle.
- 3 (B) In the case of GAP coverage for a used motor vehicle,
- 4 the average retail value for the motor vehicle, as
- 5 determined by use of a third party valuation service
- 6 provider that is customarily relied upon in the used motor
- 7 vehicle commercial marketplace.
- 8 (C) The name of the financing entity taking assignment of
- 9 the agreement, as applicable.
- 10 (D) The name and address of the consumer.
- 11 (E) The name of the lender selling the agreement.
- 12 (F) Information advising the consumer that the consumer
- 13 may be able to obtain similar coverage from the
- 14 consumer's primary insurance carrier.
- 15 (G) A coverage provision that includes a minimum
- 16 deductible of five hundred dollars (\$500).
- 17 (H) A provision providing for a minimum thirty (30) day
- 18 trial period.
- 19 (I) In the case of a consumer loan made with respect to a
- 20 motor vehicle, a provision excluding the sale of GAP
- 21 coverage if the amount financed under the consumer loan
- 22 (not including the cost of the GAP agreement, the cost of
- 23 any credit insurance, and the cost of any warranties or
- 24 service agreements) is less than eighty percent (80%) of the
- 25 manufacturer's suggested retail price (MSRP), in the case
- 26 of a new motor vehicle, or of the average retail value (as
- 27 determined by use of a third party valuation service
- 28 provider that is customarily relied upon in the used motor
- 29 vehicle commercial marketplace), in the case of a used
- 30 motor vehicle.
- 31 (J) In the case of a GAP agreement in which the charge for
- 32 the agreement exceeds four hundred dollars (\$400),
- 33 specific instructions that may be used by the consumer to
- 34 cancel the agreement and obtain a refund of the unearned
- 35 GAP charge before prepayment in full, in accordance with
- 36 the procedures, and subject to the conditions, set forth in
- 37 subdivision (6).
- 38 (6) If the charge for the GAP agreement exceeds four hundred
- 39 dollars (\$400), the consumer is entitled to cancel the
- 40 agreement and obtain a refund of the unearned GAP charge
- 41 before prepayment in full. Refunds of unearned GAP charges
- 42 shall be made subject to the following conditions:



(A) A refund of the charge for a GAP agreement must be calculated using a method that is no less favorable to the consumer than a refund calculated on a pro rata basis.

(B) The consumer is entitled to a refund of the unearned GAP agreement charge as outlined in the GAP agreement.

(C) The seller of the GAP agreement, or the seller's assignee, is responsible for making a timely refund to the consumer of unearned GAP agreement charges under the terms and conditions of the GAP agreement.

(7) Upon prepayment in full of the consumer loan:

(A) the GAP coverage is automatically terminated; and

(B) the seller of the GAP agreement must issue a refund in accordance with subdivision (6).

(8) A lender that sells GAP agreements must:

(A) insure its GAP agreement obligations under a contractual liability insurance policy issued by an insurer authorized to engage in the insurance business in Indiana; and

(B) retain appropriate records, as required under this article, regarding GAP agreements sold, refunded, and expired.

Sec. 6. (a) With respect to a consumer loan, refinancing, or consolidation, the parties may contract for a delinquency charge of not more than the following:

(1) Five dollars (\$5) on any installment or minimum payment due that is not paid in full not later than ten (10) days after its scheduled due date, in the case of a consumer loan, refinancing, or consolidation that is made before July 1, 2019. The amount of five dollars (\$5) in this subdivision is subject to change under IC 37-2-1-5. In addition, the parties may provide by contract for a delinquency charge that is subject to change. If the parties provide by contract for a delinquency charge that is subject to change, the lender shall disclose in the contract that the amount of the delinquency charge is subject to change under IC 37-2-1-5 or this section.

(2) In the case of a consumer loan, refinancing, or consolidation that is made after June 30, 2019, the following:

(A) Five dollars (\$5) on any installment or minimum payment due that is not paid in full not later than ten (10) days after its scheduled due date, if installments under the consumer loan, refinancing, or consolidation are due every fourteen (14) days or less. The amount of five dollars (\$5)



1 in this clause is not subject to change under IC 37-2-1-5.

2 (B) Twenty-five dollars (\$25) on any installment or  
3 minimum payment due that is not paid in full not later  
4 than ten (10) days after its scheduled due date, if  
5 installments under the consumer loan, refinancing, or  
6 consolidation are due every fifteen (15) days or more. The  
7 amount of twenty-five dollars (\$25) in this clause is not  
8 subject to change under IC 37-2-1-5.

9 (C) Twenty-five dollars (\$25) on any installment or  
10 minimum payment due that is not paid in full not later  
11 than ten (10) days after its scheduled due date, in the case  
12 of a consumer loan, refinancing, or consolidation that is  
13 payable in a single installment that is due at least thirty  
14 (30) days after the consumer loan, refinancing, or  
15 consolidation is made. The amount of twenty-five dollars  
16 (\$25) in this clause is not subject to change under  
17 IC 37-2-1-5.

18 (b) A delinquency charge under this section may be collected  
19 only once on an installment however long it remains in default.  
20 With regard to a delinquency charge on consumer loans made  
21 under a revolving loan account, the delinquency charge may be  
22 applied each month that the payment is less than the minimum  
23 required payment on the account. A delinquency charge may be  
24 collected any time after it accrues. A delinquency charge may not  
25 be collected if:

26 (1) the installment has been deferred and a deferral charge  
27 under section 7 of this chapter has been paid or incurred;

28 (2) a charge for a skip-a-payment service under section 5(a)(9)  
29 of this chapter has been paid or incurred, as provided in  
30 section 5(a)(9)(C) of this chapter; or

31 (3) a charge for an optional expedited payment service under  
32 section 5(a)(10) of this chapter has been paid or incurred, as  
33 provided in section 5(a)(10)(E) of this chapter.

34 (c) A creditor may not, directly or indirectly, charge or collect  
35 a delinquency charge on a payment that:

36 (1) is paid not later than ten (10) days after its scheduled due  
37 date; and

38 (2) is otherwise a full payment of the payment due for the  
39 applicable installment period;

40 if the only delinquency with respect to the consumer loan,  
41 refinancing, or consolidation is attributable to a delinquency  
42 charge assessed on an earlier installment.





1 (d) If two (2) or more installments, or parts of two (2) or more  
2 installments, of a precomputed loan are in default for ten (10) days  
3 or more, the lender may elect to convert the loan from a  
4 precomputed loan to a loan in which the finance charge is based on  
5 unpaid balances. A lender that makes this election shall make a  
6 rebate under the provisions on rebates upon prepayment set forth  
7 in section 13 of this chapter as of the maturity date of the first  
8 delinquent installment, and thereafter may make a loan finance  
9 charge as authorized by the provisions on loan finance charges for  
10 consumer loans (section 4 of this chapter) or supervised loans  
11 (section 35 of this chapter). The amount of the rebate shall not be  
12 reduced by the amount of any permitted minimum charge under  
13 section 13 of this chapter. Any deferral charges made on  
14 installments due at or after the maturity date of the first delinquent  
15 installment shall be rebated, and no further deferral charges shall  
16 be made.

17 Sec. 7. (a) This section applies only to a consumer loan,  
18 refinancing, or consolidation, that is entered into before July 1,  
19 2020. With respect to a precomputed consumer loan, refinancing,  
20 or consolidation, the parties before or after default may agree in  
21 writing to a deferral of all or part of one (1) or more unpaid  
22 installments, and the lender may make and collect a charge not  
23 exceeding the lesser of thirty-six percent (36%) per year or the rate  
24 previously stated to the debtor pursuant to section 14 of this  
25 chapter applied to the amount or amounts deferred for the period  
26 of deferral calculated without regard to difference in the lengths of  
27 months, but proportionally for a part of a month, counting each  
28 day as one-thirtieth (1/30) of a month. A deferral charge may be  
29 collected at the time it is assessed or at any time thereafter.

30 (b) The lender, in addition to the deferral charge, may make  
31 appropriate additional charges under section 5 of this chapter, and  
32 the amount of these charges which is not paid in cash may be added  
33 to the amount deferred for the purpose of calculating the deferral  
34 charge.

35 (c) The parties may agree in writing at the time of a  
36 precomputed consumer loan, refinancing, or consolidation that if  
37 an installment is not paid within ten (10) days after its due date, the  
38 lender may unilaterally grant a deferral and make charges as  
39 provided in this section. No deferral charge may be made for a  
40 period after the date that the lender elects to accelerate the  
41 maturity of the agreement.

42 (d) A delinquency charge made by the lender on an installment



1 may not be retained if a deferral charge is made pursuant to this  
 2 section with respect to the period of delinquency.

3 **Sec. 8.** With respect to a consumer loan, refinancing, or  
 4 consolidation, the lender may by agreement with the debtor  
 5 refinance the unpaid balance and may contract for and receive a  
 6 loan finance charge based on the principal resulting from the  
 7 refinancing at a rate not exceeding that permitted by the provisions  
 8 on a loan finance charge for consumer loans (section 4 of this  
 9 chapter) or the provisions on a loan finance charge for supervised  
 10 loans (section 35 of this chapter), whichever is appropriate. For the  
 11 purpose of determining the loan finance charge permitted, the  
 12 principal resulting from the refinancing comprises the following:

13 (1) If:

14 (A) the transaction was not precomputed, the total of the  
 15 unpaid balance and the accrued charges on the date of the  
 16 refinancing; or

17 (B) the transaction was precomputed, in the case of a  
 18 transaction entered into before July 1, 2020, the amount  
 19 which the debtor would have been required to pay upon  
 20 prepayment pursuant to the provisions on rebate upon  
 21 prepayment under section 13 of this chapter on the date of  
 22 refinancing.

23 (2) Appropriate additional charges under section 5 of this  
 24 chapter, payment of which is deferred.

25 **Sec. 9.** (a) If a debtor owes an unpaid balance to a lender with  
 26 respect to a consumer loan, refinancing, or consolidation, and  
 27 becomes obligated on another consumer loan, refinancing, or  
 28 consolidation with the same lender, the parties may agree to a  
 29 consolidation resulting in a single schedule of payments. If the  
 30 previous consumer loan, refinancing, or consolidation was not  
 31 precomputed, the parties may agree to add the unpaid amount of  
 32 principal and accrued charges on the date of consolidation to the  
 33 principal with respect to the subsequent loan. If the previous  
 34 consumer loan, refinancing, or consolidation was precomputed, in  
 35 the case of a transaction entered into before July 1, 2020, the  
 36 parties may agree to refinance the unpaid balance pursuant to the  
 37 provisions on refinancing set forth in section 8 of this chapter and  
 38 to consolidate the principal resulting from the refinancing by  
 39 adding it to the principal with respect to the subsequent loan. In  
 40 either case the lender may contract for and receive a loan finance  
 41 charge based on the aggregate principal resulting from the  
 42 consolidation at a rate not in excess of that permitted by the



1 provisions on loan finance charge for consumer loans (section 4 of  
2 this chapter) or the provisions on loan finance charge for  
3 supervised loans (section 35 of this chapter), whichever is  
4 appropriate.

5 (b) The parties may agree to consolidate the unpaid balance of  
6 a consumer loan with the unpaid balance of a consumer credit sale.  
7 The parties may agree to refinance the previous unpaid balance  
8 pursuant to the provisions on refinancing sales set forth in  
9 IC 37-2-3-8 or the provisions on refinancing loans set forth in  
10 section 8 of this chapter, whichever is appropriate, and to  
11 consolidate the amount financed resulting from the refinancing or  
12 the principal resulting from the refinancing by adding it to the  
13 amount financed or principal with respect to the subsequent sale  
14 or loan. The aggregate amount resulting from the consolidation  
15 shall be deemed principal, and the creditor may contract for and  
16 receive a loan finance charge based on the principal at a rate not  
17 in excess of that permitted by the provisions on loan finance charge  
18 for consumer loans set forth in section 4 of this chapter or the  
19 provisions on loan finance charge for supervised loans set forth in  
20 section 35 of this chapter, whichever is appropriate.

21 Sec. 10. The parties may agree to add to a revolving loan  
22 account the unpaid balance of a consumer loan, not made pursuant  
23 to a revolving loan account, or a refinancing, or consolidation  
24 thereof, or the unpaid balance of a consumer credit sale,  
25 refinancing or consolidation. For the purpose of this section:

26 (1) the unpaid balance of a consumer loan, refinancing, or  
27 consolidation is an amount equal to the principal determined  
28 according to the provisions on refinancing set forth in section  
29 8 of this chapter; and

30 (2) the unpaid balance of a consumer credit sale, refinancing,  
31 or consolidation is an amount equal to the amount financed  
32 determined according to the provisions on refinancing set  
33 forth in IC 37-2-3-8.

34 Sec. 11. (a) If the agreement with respect to a consumer loan,  
35 refinancing, or consolidation contains covenants by the debtor to  
36 perform certain duties pertaining to insuring or preserving  
37 collateral and if the lender pursuant to the agreement pays for  
38 performance of the duties on behalf of the debtor, the lender may  
39 add the amounts paid to the debt. Within a reasonable time after  
40 advancing any sums, the lender shall state to the debtor in writing  
41 the amount of the sums advanced, any charges with respect to this  
42 amount, and any revised payment schedule and, if the duties of the



1 debtor performed by the lender pertain to insurance, a brief  
 2 description of the insurance paid for by the lender including the  
 3 type and amount of coverages. No further information need be  
 4 given.

5 (b) A loan finance charge may be made for sums advanced  
 6 pursuant to subsection (a) at a rate not exceeding the rate stated to  
 7 the debtor pursuant to section 14 of this chapter with respect to the  
 8 loan, refinancing, or consolidation, except that with respect to a  
 9 revolving loan account the amount of the advance may be added to  
 10 the unpaid balance of the debt and the lender may make a loan  
 11 finance charge not exceeding that permitted by the provisions on  
 12 loan finance charge for consumer loans set forth in section 4 of this  
 13 chapter or for supervised loans set forth in section 35 of this  
 14 chapter, whichever is appropriate.

15 Sec. 12. (a) Subject to the provisions on rebate upon prepayment  
 16 set forth in section 13 of this chapter, the debtor may prepay in full  
 17 the unpaid balance of a consumer loan, refinancing, or  
 18 consolidation at any time without penalty. With respect to a  
 19 consumer loan that is primarily secured by an interest in land, a  
 20 lender may contract for a penalty for prepayment of the loan in  
 21 full, not to exceed two percent (2%) of any amount prepaid within  
 22 sixty (60) days of the date of the prepayment in full, after deducting  
 23 all refunds and rebates as of the date of the prepayment. However,  
 24 the penalty may not be imposed:

- 25 (1) if the loan is refinanced or consolidated with the same
- 26 creditor;
- 27 (2) for prepayment by proceeds of any insurance or
- 28 acceleration after default; or
- 29 (3) after three (3) years from the contract date.

30 For purposes of this section, the collection of the amount of any  
 31 conditionally waived closing costs (as allowed under section 5 of  
 32 this chapter) by a creditor, as stipulated in the loan agreement, at  
 33 the time of prepayment in full does not constitute a prepayment  
 34 penalty and is not subject to the limitations set forth in this  
 35 subsection.

36 (b) At the time of prepayment of a consumer loan not subject to  
 37 the provisions of rebate upon prepayment set forth in section 13 of  
 38 this chapter, the total finance charge, including the prepaid finance  
 39 charge but excluding the nonrefundable prepaid finance charge  
 40 allowed under section 4(i) or section 35(h) of this chapter, as  
 41 applicable, may not exceed the maximum charge allowed under  
 42 this chapter for the period the loan was in effect. For the purposes



1 of determining compliance with this subsection, the total finance  
2 charge does not include the following:

3 (1) The nonrefundable prepaid finance charge allowed under  
4 section 4(i) or section 35(h) of this chapter, as applicable.

5 (2) The debtor paid mortgage broker fee, if any, paid to a  
6 person who does not control, is not controlled by, or is not  
7 under common control with, the creditor holding the loan at  
8 the time a consumer loan is prepaid.

9 (c) The creditor or mortgage servicer shall provide, in writing,  
10 an accurate payoff amount for the consumer loan to the debtor  
11 within seven (7) business days (excluding legal public holidays,  
12 Saturdays, and Sundays) after the creditor or mortgage servicer  
13 receives the debtor's written request for the accurate consumer  
14 loan payoff amount. A payoff statement provided by a creditor or  
15 mortgage servicer under this subsection must show the date the  
16 statement was prepared and itemize the unpaid principal balance  
17 and each fee, charge, or other sum included within the payoff  
18 amount. A creditor or mortgage servicer who fails to provide the  
19 accurate consumer loan payoff amount is liable for:

20 (1) one hundred dollars (\$100) if an accurate consumer loan  
21 payoff amount is not provided by the creditor or mortgage  
22 servicer within seven (7) business days (excluding legal public  
23 holidays, Saturdays, and Sundays) after the creditor or  
24 mortgage servicer receives the debtor's first written request;  
25 and

26 (2) the greater of:

27 (A) one hundred dollars (\$100); or

28 (B) the loan finance charge that accrues on the loan from  
29 the date the creditor or mortgage servicer receives the first  
30 written request until the date on which the accurate  
31 consumer loan payoff amount is provided;

32 if an accurate consumer loan payoff amount is not provided  
33 by the creditor or mortgage servicer within seven (7) business  
34 days (excluding legal public holidays, Saturdays, and  
35 Sundays) after the creditor or mortgage servicer receives the  
36 debtor's second written request, and the creditor or mortgage  
37 servicer failed to comply with subdivision (1).

38 A liability under this subsection is an excess charge under  
39 IC 37-2-6-9.

40 (d) As used in this subsection, "mortgage transaction" means a  
41 consumer loan in which a mortgage or a land contract (or another  
42 consensual security interest equivalent to a mortgage or a land



contract) that constitutes a lien is created or retained against land upon which there is constructed or intended to be constructed a dwelling that is or will be used by the debtor primarily for personal, family, or household purposes. This subsection applies to a mortgage transaction with respect to which any installment or minimum payment due is delinquent for at least sixty (60) days. The creditor, servicer, or the creditor's agent shall acknowledge a written offer made in connection with a proposed short sale not later than five (5) business days (excluding legal public holidays, Saturdays, and Sundays) after the date of the offer if the offer complies with the requirements for a qualified written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or creditor's agent is required to acknowledge a written offer made in connection with a proposed short sale from a third party acting on behalf of the debtor only if the debtor has provided written authorization for the creditor, servicer, or creditor's agent to do so. Not later than thirty (30) business days (excluding legal public holidays, Saturdays, and Sundays) after receipt of an offer under this subsection, the creditor, servicer, or creditor's agent shall respond to the offer with an acceptance or a rejection of the offer. The thirty (30) day period described in this subsection may be extended for not more than fifteen (15) business days (excluding legal public holidays, Saturdays, and Sundays) if, before the end of the thirty (30) day period, the creditor, the servicer, or the creditor's agent notifies the debtor of the extension and the reason the extension is needed. Payment accepted by a creditor, servicer, or creditor's agent in connection with a short sale constitutes payment in full satisfaction of the mortgage transaction unless the creditor, servicer, or creditor's agent obtains either:

- (1) a statement that: "The debtor remains liable for any amount still owed under the mortgage transaction."; or
- (2) a statement substantially similar to the statement set forth in subdivision (1);

acknowledged by the initials or signature of the debtor, on or before the date on which the short sale payment is accepted. As used in this subsection, "short sale" means a transaction in which the property that is the subject of a mortgage transaction is sold for an amount that is less than the amount of the debtor's outstanding obligation under the mortgage transaction. A creditor or mortgage servicer that fails to respond to an offer within the time prescribed by this subsection is liable in accordance with 12 U.S.C. 2605(f) in any action brought under that section.



(e) This section is not intended to provide the owner of real estate subject to the issuance of process under a judgment or decree of foreclosure any protection or defense against a deficiency judgment for purposes of the borrower protections from liability that must be disclosed under 12 CFR 1026.38(p)(3) on the form required by 12 CFR 1026.38 ("Closing Disclosures" form under the Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth in Lending Act (Regulation Z)).

Sec. 13. (a) Except for subsections (b) and (i), this section applies only to a loan agreement entered into before July 1, 2020. Except as provided in subsection (b), upon prepayment in full of the unpaid balance of a precomputed consumer loan, refinancing, or consolidation, an amount not less than the unearned portion of the loan finance charge calculated according to this section shall be rebated to the debtor. If the rebate otherwise required is less than one dollar (\$1), no rebate need be made.

(b) Upon prepayment in full of a consumer loan, refinancing, or consolidation, other than one under a revolving loan account, if the loan finance charge earned is less than any permitted minimum loan finance charge under section 4(g) or 35(g) of this chapter contracted for, whether or not the consumer loan, refinancing, or consolidation is precomputed, the lender may collect or retain the minimum loan finance charge, as if earned, not exceeding the loan finance charge contracted for.

(c) The unearned portion of the loan finance charge is a fraction of the loan finance charge of which the numerator is the sum of the periodic balances scheduled to follow the computational period in which prepayment occurs, and the denominator is the sum of all periodic balances under either the loan agreement or, if the balance owing resulted from a refinancing under section 8 of this chapter or a consolidation under section 9 of this chapter, under the refinancing agreement or consolidation agreement.

(d) In this section:

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

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



means one (1) week;

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

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

(e) This subsection applies only if the schedule of payments is not regular.

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

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

(B) if the interval to the final scheduled payment date is a number of computational periods plus an additional number of days less than a full month, the additional number of days shall be considered a computational period only if sixteen (16) days or more. This clause applies whether or not clause (A) applies.

(2) Notwithstanding subdivision (1), if the computational period is one (1) month, the number of days in the interval to the due date of the first installment exceeds one (1) month by not more than fifteen (15) days, and the schedule of payments is otherwise regular, the lender, at the lender's option, may exclude the extra days and the charge for the extra days in computing the unearned loan finance charge; but if the lender does so and a rebate is required before the due date of the first scheduled installment, the lender shall compute the





1       earned charge for each elapsed day as one-thirtieth (1/30) of  
2       the amount the earned charge would have been if the first  
3       interval had been one (1) month.

4       (3) If the computational period is one (1) week and:

5           (A) if the number of days in the interval to the due date of  
6           the first scheduled installment is less than five (5) days, or  
7           more than nine (9) days, but not more than eleven (11)  
8           days, the unearned loan finance charge shall be increased  
9           by an adjustment for each day by which the interval is less  
10          than seven (7) days and, at the option of the lender, may be  
11          reduced by an adjustment for each day by which the  
12          interval is more than seven (7) days; the adjustment for  
13          each day shall be one-seventh (1/7) of that part of the loan  
14          finance charge earned in the computational period prior to  
15          the due date of the first scheduled installment, assuming  
16          that period to be one (1) week; and

17          (B) if the interval to the final scheduled payment date is a  
18          number of computational periods plus an additional  
19          number of days less than a full week, the additional  
20          number of days shall be considered a computational period  
21          only if five (5) days or more. This clause applies whether or  
22          not clause (A) applies.

23       (f) If a deferral has been agreed to under section 7 of this  
24       chapter, the unearned portion of the loan finance charge shall be  
25       computed without regard to the deferral. The amount of deferral  
26       charge earned at the date of prepayment shall also be calculated.  
27       If the deferral charge earned is less than the deferral charge paid,  
28       the difference shall be added to the unearned portion of the loan  
29       finance charge. If any part of a deferral charge has been earned  
30       but has not been paid, that part shall be subtracted from the  
31       unearned portion of the loan finance charge or shall be added to  
32       the unpaid balance.

33       (g) This section does not preclude the collection or retention by  
34       the lender of delinquency charges under section 6 of this chapter.

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

38       (i) Upon prepayment in full of a consumer loan by the proceeds  
39       of consumer credit insurance, the debtor or the debtor's estate  
40       shall pay the same loan finance charge or receive the same rebate  
41       as though the debtor had prepaid the agreement on the date the  
42       proceeds of the insurance are paid to the lender, but no later than



ten (10) business days after satisfactory proof of loss is furnished to the lender. This subsection applies whether or not the loan is precomputed.

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

Sec. 14. (a) For the purposes of this section, "consumer loan" includes a loan that is a first lien mortgage transaction if the loan is otherwise a consumer loan.

(b) The lender shall disclose to the debtor to whom credit is extended with respect to a consumer loan the information required by the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

(c) For purposes of subsection (b), disclosures shall not be required on a consumer loan if the transaction is exempt from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

Sec. 15. (a) This section does not apply to a first lien mortgage transaction.

(b) Except as provided in IC 37-5-4-3 with respect to a high cost home loan (as defined in IC 37-5-2-8), with respect to a consumer loan, other than one pursuant to a revolving loan account or one on which only loan finance charges are payable prior to the time that the final scheduled payment is due, if any scheduled payment is more than twice as large as the average of earlier scheduled payments, the debtor has the right to refinance the amount of that payment at the time it is due without penalty. The terms of the refinancing shall be no less favorable to the debtor than the terms of the original loan. This section does not apply to the extent that the payment schedule is adjusted to the seasonal or irregular income of the debtor.

(c) For the purposes of this section, "terms of the refinancing" means:

(1) in the case of a fixed-rate consumer loan, the individual payment amounts, the charges as a result of default by the debtor, and the rate of the loan finance charge; and

(2) in the case of a variable rate consumer loan, the method used to determine the individual payment amounts, the charges as a result of default by the debtor, the method used to determine the rate of the loan finance charge, the



1 circumstances under which the rate of the loan finance charge  
2 may increase, and any limitations on the increase in the rate  
3 of the loan finance charge.

4 (d) If a consumer loan is made under the authority of the  
5 Alternative Mortgage Transaction Parity Act (12 U.S.C. 3802 et  
6 seq.), the note evidencing the mortgage must contain a reference to  
7 the applicable federal law.

8 Sec. 16. (a) A lender may not take an assignment of earnings of  
9 the debtor for payment or as security for payment of a debt arising  
10 out of a consumer loan or otherwise. An assignment of earnings in  
11 violation of this section is unenforceable by the assignee of the  
12 earnings and revocable by the debtor. This section does not  
13 prohibit an employee from authorizing deductions from his  
14 earnings if the authorization is revocable and is otherwise  
15 permitted by law.

16 (b) A sale of unpaid earnings made in consideration of the  
17 payment of money to or for the account of the seller of the earnings  
18 is deemed to be a loan to the seller secured by an assignment of  
19 earnings.

20 Sec. 17. With respect to a consumer loan the agreement may  
21 provide for the payment by the debtor of reasonable attorney's fees  
22 after default and referral to an attorney not a salaried employee of  
23 the lender. A provision in violation of this section is unenforceable.

24 Sec. 18. Except for reasonable expenses incurred in realizing on  
25 a security interest, the agreement with respect to a consumer loan  
26 may not provide for charges as a result of default by the debtor  
27 other than those authorized by this article. A provision in violation  
28 of this section is unenforceable.

29 Sec. 19. The debtor is authorized to pay the original lender until  
30 the debtor receives notification of assignment of rights to payment  
31 pursuant to a consumer loan and that payment is to be made to the  
32 assignee. A notification which does not reasonably identify the  
33 rights assigned is ineffective. If requested by the debtor, the  
34 assignee must seasonably furnish reasonable proof that the  
35 assignment has been made and unless the assignee does so the  
36 debtor may pay the original lender.

37 Sec. 20. A debtor may not authorize any person to confess  
38 judgment on a claim arising out of a consumer loan. An  
39 authorization in violation of this section is void.

40 Sec. 21. (a) This section applies to consumer loans, including  
41 revolving loan accounts.

42 (b) Except as provided in subsection (c), a creditor shall credit



1 a payment to a consumer's account as of the date of receipt, except  
 2 when a delay in crediting does not result in a finance charge or  
 3 other charge, including a delinquency charge under section 6 of  
 4 this chapter. A delay in posting does not violate this section so long  
 5 as the payment is credited as of the date of receipt.

6 (c) If a creditor specifies in writing requirements for the  
 7 consumer to follow in making payments, but accepts a payment  
 8 that does not conform to the requirements, the creditor shall credit  
 9 the payment within five (5) days of receipt of the payment.

10 (d) If a creditor fails to credit a payment as required by this  
 11 section in time to avoid the imposition of a finance or other charge,  
 12 including a delinquency charge, the creditor shall adjust the  
 13 consumer's account so that the charges imposed are credited to the  
 14 consumer's account during the next payment period.

15 Sec. 22. (a) If a person licensed or required to be licensed under  
 16 section 24 of this chapter also engages in activities of a loan broker  
 17 described in IC 23-2.5, the activities of a loan broker are subject to  
 18 the following sections of the Indiana Code and any rules adopted  
 19 to implement these sections:

20 (1) IC 23-2.5-8-1, except for IC 23-2.5-8-1(b)(2).

21 (2) IC 23-2.5-8-2.

22 (3) IC 23-2.5-11-15(b) and IC 23-2.5-11-15(c).

23 (4) IC 23-2.5-11-17.

24 (5) IC 23-2.5-8-3.

25 (6) IC 23-2.5-8-4 through IC 23-2.5-8-9.

26 (7) IC 23-2.5-8-10.

27 (8) IC 23-2.5-10-1.

28 (9) IC 23-2.5-9-1.

29 (10) IC 23-2.5-11-16.

30 (b) Loan broker business transactions engaged in by persons  
 31 licensed or required to be licensed under section 24 of this chapter  
 32 are subject to examination by the department and to the  
 33 examination fees described in section 26(h)(2) of this chapter. The  
 34 department may cooperate with the securities division of the office  
 35 of the secretary of state in the department's examination of loan  
 36 broker business transactions and may use the securities division's  
 37 examiners to conduct examinations.

38 Sec. 23. (a) A person that is a:

39 (1) depository institution;

40 (2) subsidiary that is owned and controlled by a depository  
 41 institution and regulated by a federal banking agency; or

42 (3) credit union service organization;



1 may engage in Indiana in the making of consumer loans (including  
 2 small loans that are subject to IC 37-3) that are not mortgage  
 3 transactions without obtaining a license under this article.

4 (b) A collection agency licensed under IC 25-11-1 may engage  
 5 in:

6 (1) taking assignments of consumer loans (including small  
 7 loans that are subject to IC 37-3) that are not mortgage  
 8 transactions; and

9 (2) undertaking the direct collection of payments from or the  
 10 enforcement of rights against debtors arising from consumer  
 11 loans (including small loans that are subject to IC 37-3) that  
 12 are not mortgage transactions;

13 in Indiana without obtaining a license under this article.

14 (c) A person that does not qualify under subsection (a) or (b)  
 15 shall acquire and retain a license under this chapter in order to  
 16 regularly engage in Indiana in the following actions with respect to  
 17 consumer loans that are not small loans (as defined in IC 37-3-2)  
 18 or mortgage transactions:

19 (1) The making of consumer loans.

20 (2) Taking assignments of consumer loans.

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

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

29 (e) Except as otherwise provided in subsections (a) and (b), a  
 30 separate license under IC 37-3 is required in order to regularly  
 31 engage in Indiana in the following actions with respect to small  
 32 loans (as defined in IC 37-3-2):

33 (1) The making of small loans (as defined in IC 37-3-2).

34 (2) Taking assignments of small loans (as defined in  
 35 IC 37-3-2).

36 (3) Undertaking the direct collection of payments from or the  
 37 enforcement of rights against debtors arising from small loans  
 38 (as defined in IC 37-3-2).

39 A person that seeks licensure under IC 37-3 in order to regularly  
 40 engage in Indiana in the actions set forth in this subsection shall  
 41 apply to the department for that license in the form and manner  
 42 prescribed by the department, and is subject to the same licensure



1 requirements and procedures as an applicant for a license to make  
 2 consumer loans (other than small loans or mortgage transactions)  
 3 under this section.

4 **Sec. 24. (a) A person that is a:**

- 5 (1) depository institution;
- 6 (2) subsidiary that is owned and controlled by a depository
- 7 institution and regulated by a federal banking agency; or
- 8 (3) credit union service organization;

9 may engage in Indiana in the making of subordinate lien mortgage  
 10 transactions without obtaining a mortgage license issued by the  
 11 department.

12 (b) A collection agency licensed under IC 25-11-1 or an  
 13 institution regulated by the Farm Credit Administration may  
 14 engage in:

- 15 (1) taking assignments of subordinate lien mortgage
- 16 transactions; and
- 17 (2) undertaking the direct collection of payments from or the
- 18 enforcement of rights against debtors arising from
- 19 subordinate lien mortgage transactions;

20 in Indiana without obtaining a mortgage license issued by the  
 21 department.

22 (c) A person that is not otherwise exempt under subsection (a)  
 23 or (b) shall acquire and retain a mortgage license issued by the  
 24 department in order to regularly engage in Indiana in the following  
 25 actions with respect to subordinate lien mortgage transactions:

- 26 (1) The making of subordinate lien mortgage loans.
- 27 (2) Taking assignments of subordinate lien mortgage loans.
- 28 (3) Undertaking the direct collection of payments from or the
- 29 enforcement of rights against debtors arising from
- 30 subordinate lien mortgage loans.

31 (d) Each:

- 32 (1) creditor licensed by the department to engage in
- 33 subordinate lien mortgage transactions; and
- 34 (2) person that is exempt (either under this article or under
- 35 IC 37-1-1-6(8)) from licensing and that:

36 (A) employs a licensed mortgage loan originator; or

37 (B) sponsors a licensed mortgage loan originator as  
 38 permitted by IC 37-1-1-6(8) or by 750 IAC 9;

39 shall register with and maintain a valid unique identifier issued by  
 40 the NMLSR. Each licensed mortgage loan originator must be  
 41 employed by, or sponsored as permitted by IC 37-1-1-6(8) or by  
 42 750 IAC 9, and associated with, a licensed creditor (or an exempt



1 person described under subdivision (2)) that is registered with the  
2 NMLSR.

3 (e) Applicants for a mortgage license must apply to the  
4 department for the license in a form prescribed by the director.  
5 Each form:

6 (1) must contain content as set forth by rule, instruction, or  
7 procedure of the director; and

8 (2) may be changed or updated as necessary by the director to  
9 carry out the purposes of this article.

10 (f) To fulfill the purposes of this article, the director may  
11 establish relationships or contracts with the NMLSR or other  
12 entities designated by the NMLSR to:

13 (1) collect and maintain records; and

14 (2) process transaction fees or other fees;  
15 related to licensees or other persons subject to this article.

16 (g) For the purpose of participating in the NMLSR, the director  
17 or the department may:

18 (1) waive or modify, in whole or in part, by rule, regulation,  
19 or order, any or all of the requirements of this article; and

20 (2) establish new requirements as reasonably necessary to  
21 participate in the NMLSR.

22 Sec. 25. (a) Subject to subsection (f), the director may designate  
23 the NMLSR to serve as the sole entity responsible for:

24 (1) processing applications and renewals for licenses required  
25 under section 23 of this chapter;

26 (2) issuing unique identifiers for licensees and entities exempt  
27 from licensing under section 23 of this chapter; and

28 (3) performing other services that the director determines are  
29 necessary for the orderly administration of the department's  
30 licensing system under section 23 of this chapter.

31 (b) Subject to the confidentiality provisions contained in  
32 IC 5-14-3, this section, and IC 28-1-2-30, the director may  
33 regularly report to the NMLSR significant or recurring violations  
34 of this article related to consumer loans that are not mortgage  
35 transactions, including small loans under IC 37-3.

36 (c) Subject to the confidentiality provisions contained in  
37 IC 5-14-3, this section, and IC 28-1-2-30, the director may report  
38 to the NMLSR complaints received regarding licensees under  
39 section 23 of this chapter in connection with consumer loans that  
40 are not mortgage transactions, including small loans under  
41 IC 37-3.

42 (d) The director may report to the NMLSR publicly adjudicated



1 licensure actions against licensees under section 23 of this chapter.

2 (e) The director shall establish a process in which persons  
3 licensed in accordance with section 23 of this chapter may  
4 challenge information reported to the NMLSR by the department.

5 (f) The director's authority to designate the NMLSR under  
6 subsection (a) is subject to the following:

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

10 (A) obtain information from the NMLSR unless the person  
11 is authorized to do so by statute;

12 (B) initiate any civil action based on information obtained  
13 from the NMLSR if the information is not otherwise  
14 available to the person under any other state law; or

15 (C) initiate any civil action based on information obtained  
16 from the NMLSR if the person could not have initiated the  
17 action based on information otherwise available to the  
18 person under any other state law.

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

22 (A) furnished by the director, the director's designee, or a  
23 licensee; or

24 (B) otherwise obtained by the NMLSR;

25 are confidential and privileged by law and are not subject to  
26 inspection under IC 5-14-3, subject to subpoena, subject to  
27 discovery, or admissible in evidence in any civil action.  
28 However, the director may use the documents, materials, or  
29 other information available to the director in furtherance of  
30 any action brought in connection with the director's duties  
31 under this article.

32 (3) Disclosure of documents, materials, and information:

33 (A) to the director; or

34 (B) by the director;

35 under this subsection does not result in a waiver of any  
36 applicable privilege or claim of confidentiality with respect to  
37 the documents, materials, or information.

38 (4) Information provided to the NMLSR is subject to  
39 IC 4-1-11.

40 (5) This subsection does not limit or impair a person's right  
41 to:

42 (A) obtain information;





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



publicly adjudicated disciplinary and enforcement actions against, a person licensed in accordance with section 23 of this chapter and described in section 26(b) of this chapter and that is included in the NMLSR for access by the public.

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

(A) require review of; and

(B) make available;

the audited financial statements of the NMLSR.

(g) Notwithstanding any other provision of law, any:

(1) application, renewal, or other form or document that:

(A) relates to licenses issued under section 23 of this chapter; and

(B) is made or produced in an electronic format;

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

(3) electronic record filed through the NMLSR;

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

Sec. 26. (a) The department shall receive and act on all applications for licenses to make consumer loans. Applications must be as prescribed by the director of the department of financial institutions. If, at any time, the information or record contained in:

(1) an application filed under section 23 of this chapter or section 24 of this chapter; or

(2) a renewal application filed under section 31 of this chapter;

is or becomes inaccurate or incomplete in a material respect, the applicant shall promptly file a correcting amendment with the department.

(b) A license shall not be issued unless the department finds that the professional training and experience, financial responsibility, character, and fitness of:

(1) the applicant and any significant affiliate of the applicant;

(2) each executive officer, director, or manager of the applicant, or any other individual having a similar status or performing a similar function for the applicant; and



(3) if known, each person directly or indirectly owning of record or owning beneficially at least ten percent (10%) of the outstanding shares of any class of equity security of the applicant;

are such as to warrant belief that the business will be operated honestly and fairly within the purposes of this article.

(c) The director is entitled to request evidence of compliance with this section at:

(1) the time of application;

(2) the time of renewal of a license; or

(3) any other time considered necessary by the director.

(d) Evidence of compliance with this section concerning a person licensed under section 23 of this chapter may include and for a person licensed under section 24 of this chapter must include:

(1) criminal background checks as described in section 27 of this chapter, including a national criminal history background check (as defined in IC 10-13-3-12) by the Federal Bureau of Investigation, for any individual described in subsection (b);  
(2) credit histories as described in section 28 of this chapter;  
(3) surety bond requirements as described in section 29 of this chapter;

(4) a review of licensure actions in Indiana and other states;  
and

(5) other background checks considered necessary by the director.

(e) For purposes of this section and in order to reduce the points of contact that the director may have to maintain under this section, the director may use the NMLSR as a channeling agent for requesting and distributing information to and from any source as directed by the director.

(f) The department may deny an application under this section if the director of the department determines that the application was submitted for the benefit of, or on behalf of, a person who does not qualify for a license.

(g) Upon written request, the applicant is entitled to a hearing on the question of the qualifications of the applicant for a license as provided in IC 4-21.5.

(h) The applicant shall pay the following fees at the time designated by the department:

(1) An initial license fee as established by the department under IC 28-11-3-5.

(2) Examination fees as established by the department under



1           **IC 28-11-3-5.**

2           **(3) An annual renewal fee as established by the department**  
 3           **under IC 28-11-3-5.**

4           **(i) A fee as established by the department under IC 28-11-3-5**  
 5           **may be charged for each day a fee under subsection (h)(2) or (h)(3)**  
 6           **is delinquent.**

7           **(j) The licensee may deduct the fees required under subsection**  
 8           **(h)(1) and (h)(3) from the filing fees paid under IC 37-2-7-26.**

9           **(k) Except in a transaction approved under section 41 of this**  
 10           **chapter, a license issued under this section is not assignable or**  
 11           **transferable.**

12           **(l) If the department of state revenue notifies the department**  
 13           **that a person is on the most recent tax warrant list, the department**  
 14           **shall not issue or renew the person's license until:**

15           **(1) the person provides to the department a statement from**  
 16           **the department of state revenue that the person's tax warrant**  
 17           **has been satisfied; or**

18           **(2) the department receives a notice from the commissioner of**  
 19           **the department of state revenue under IC 6-8.1-8-2(k).**

20           **Sec. 27. (a) When the director requests a national criminal**  
 21           **history background check under section 26(d)(1) of this chapter for**  
 22           **an individual described in section 26(b) of this chapter, the director**  
 23           **shall require the individual to submit fingerprints to the**  
 24           **department, state police department, or NMLSR, as directed, at**  
 25           **the time evidence of compliance is requested under section 26(d) of**  
 26           **this chapter. The individual to whom the request is made shall pay**  
 27           **any fees or costs associated with processing and evaluating the**  
 28           **fingerprints and the national criminal history background check.**  
 29           **The national criminal history background check may be used by**  
 30           **the director to determine the individual's compliance with this**  
 31           **section. The director or the department may not release the results**  
 32           **of the national criminal history background check to any private**  
 33           **entity.**

34           **(b) For purposes of this section and in order to reduce the points**  
 35           **of contact that the Federal Bureau of Investigation may have to**  
 36           **maintain for purposes of this section, the director may use the**  
 37           **NMLSR as a channeling agent for requesting information from**  
 38           **and distributing information to the United States Department of**  
 39           **Justice or any governmental agency.**

40           **Sec. 28. (a) If the director requests a credit report for an**  
 41           **individual described in section 26(b) of this chapter, the individual**  
 42           **to whom the request is made shall pay any fees or costs associated**



1 with procuring the report.

2 (b) The individual must submit personal history and experience  
3 information in a form prescribed by the NMLSR, including the  
4 submission of authorization for the NMLSR or the director to  
5 obtain an independent credit report obtained from a consumer  
6 reporting agency described in Section 603(p) of the Fair Credit  
7 Reporting Act (15 U.S.C. 1681a(p)).

8 (c) The director may consider one (1) or more of the following  
9 when determining if an individual has demonstrated financial  
10 responsibility:

11 (1) Bankruptcies filed within the last ten (10) years.

12 (2) Current outstanding judgments, except judgments solely  
13 as a result of medical expenses.

14 (3) Current outstanding tax liens or other government liens or  
15 filings.

16 (4) Foreclosures within the past three (3) years.

17 (5) A pattern of serious delinquent accounts within the past  
18 three (3) years.

19 Sec. 29. (a) Each:

20 (1) creditor licensed by the department to engage in mortgage  
21 transactions; and

22 (2) person that is exempt (either under this article or under  
23 IC 37-1-1-6(8)) from licensing and that:

24 (A) employs a licensed mortgage loan originator; or

25 (B) sponsors a licensed mortgage loan originator as  
26 permitted by IC 37-1-1-6(8) or by 750 IAC 9;

27 must be covered by a surety bond in accordance with this section.

28 (b) A surety bond must:

29 (1) provide coverage for:

30 (A) a creditor described in subsection (a)(1); and

31 (B) an exempt person described in subsection (a)(2);

32 in an amount as prescribed in subsection (d);

33 (2) be in a form as prescribed by the director;

34 (3) be in effect:

35 (A) during the term of the creditor's license; or

36 (B) at any time during which the person exempt from  
37 licensing employs a licensed mortgage loan originator, or  
38 sponsors a licensed mortgage loan originator as permitted  
39 by IC 37-1-1-6(8) or by 750 IAC 9;

40 as applicable;

41 (4) subject to subsection (c), remain in effect during the two  
42 (2) years after:



- 1 (A) the license of the creditor is surrendered or
- 2 terminated; or
- 3 (B) the person exempt from licensing ceases to employ a
- 4 licensed mortgage loan originator, or ceases to sponsor a
- 5 licensed mortgage loan originator as permitted by
- 6 IC 37-1-1-6(8) or by 750 IAC 9, or to offer financial
- 7 services to individuals in Indiana, whichever is later;
- 8 as applicable;
- 9 (5) be payable to the department for the benefit of:
- 10 (A) the state; and
- 11 (B) individuals who reside in Indiana when they agree to
- 12 receive financial services from the creditor or the person
- 13 exempt from licensing, as applicable;
- 14 (6) be issued by a bonding, surety, or insurance company
- 15 authorized to do business in Indiana and rated at least "A-"
- 16 by at least one (1) nationally recognized investment rating
- 17 service; and
- 18 (7) have payment conditioned upon:
- 19 (A) the creditor's or any of the creditor's licensed
- 20 mortgage loan originators'; or
- 21 (B) the exempt person's or any of the exempt person's
- 22 licensed mortgage loan originators';
- 23 noncompliance with or violation of this chapter, 750 IAC 9, or
- 24 other federal or state laws or regulations applicable to
- 25 mortgage lending.
- 26 (c) The director may adopt rules or guidance documents with
- 27 respect to the requirements for surety bonds as necessary to
- 28 accomplish the purposes of this article. Upon written request from:
- 29 (1) a creditor described in subsection (a)(1); or
- 30 (2) an exempt person described in subsection (a)(2);
- 31 the director may, at the discretion of the director, waive or shorten
- 32 the two (2) year period set forth in subsection (b)(4) during which
- 33 a surety bond required by this section must remain in effect after
- 34 the occurrence of an event described in subsection (b)(4)(A) or
- 35 (b)(4)(B), as applicable.
- 36 (d) The penal sum of the surety bond shall be maintained in an
- 37 amount that reflects the dollar amount of mortgage transactions
- 38 originated as determined by the director. If the principal amount
- 39 of a surety bond required under this section is reduced by payment
- 40 of a claim or judgment, the creditor or exempt person for whom
- 41 the bond is issued shall immediately notify the director of the
- 42 reduction and, not later than thirty (30) days after notice by the



1 director, file a new or an additional surety bond in an amount set  
 2 by the director. The amount of the new or additional bond set by  
 3 the director must be at least the amount of the bond before  
 4 payment of the claim or judgment.

5 (e) If for any reason a surety terminates a bond issued under  
 6 this section, the creditor or the exempt person shall immediately  
 7 notify the department and file a new surety bond in an amount  
 8 determined by the director.

9 (f) Cancellation of a surety bond issued under this section does  
 10 not affect any liability incurred or accrued during the period when  
 11 the surety bond was in effect.

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

15 (h) Notices required under this section must be made in writing  
 16 and submitted through the NMLSR or any other electronic  
 17 registration system that may be approved by the director.

18 Sec. 30. (a) Subject to subsection (g), the director shall designate  
 19 the NMLSR to serve as the sole entity responsible for:

20 (1) processing applications and renewals for licenses under  
 21 section 24 of this chapter;

22 (2) issuing unique identifiers for licensees under section 24 of  
 23 this chapter and for persons exempt from licensing (either  
 24 under this article or under IC 37-1-1-6(8)) that employ  
 25 licensed mortgage loan originators or that sponsor licensed  
 26 mortgage loan originators as permitted by IC 37-1-1-6(8) or  
 27 by 750 IAC 9; and

28 (3) performing other services that the director determines  
 29 necessary for the orderly administration of the department's  
 30 licensing system under section 24 of this chapter.

31 (b) Subject to the confidentiality provisions contained in  
 32 IC 5-14-3, this section, and IC 28-1-2-30, the director may  
 33 regularly report significant or recurring violations of this article  
 34 related to subordinate lien mortgage transactions to the NMLSR.

35 (c) Subject to the confidentiality provisions contained in  
 36 IC 5-14-3, this section, and IC 28-1-2-30, the director may report  
 37 complaints received regarding licensees and relating to  
 38 subordinate lien mortgage transactions to the NMLSR.

39 (d) The director may report publicly adjudicated licensure  
 40 actions against licensees under section 24 of this chapter to the  
 41 NMLSR.

42 (e) The director shall establish a process in which persons



1 licensed in accordance with section 24 of this chapter may  
 2 challenge information reported to the NMLSR by the department.

3 (f) The director's authority to designate the NMLSR under  
 4 subsection (a) is subject to the following:

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

8 (A) obtain information from the NMLSR unless the person  
 9 is authorized to do so by statute;

10 (B) initiate any civil action based on information obtained  
 11 from the NMLSR if the information is not otherwise  
 12 available to the person under any other state law; or

13 (C) initiate any civil action based on information obtained  
 14 from the NMLSR if the person could not have initiated the  
 15 action based on information otherwise available to the  
 16 person under any other state law.

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

20 (A) furnished by the director, the director's designee, or a  
 21 licensee; or

22 (B) otherwise obtained by the NMLSR;

23 are confidential and privileged by law and are not subject to  
 24 inspection under IC 5-14-3, subject to subpoena, subject to  
 25 discovery, or admissible in evidence in any civil action.  
 26 However, the director may use the documents, materials, or  
 27 other information available to the director in furtherance of  
 28 any action brought in connection with the director's duties  
 29 under this article.

30 (3) Disclosure of documents, materials, and information:

31 (A) to the director; or

32 (B) by the director;

33 under this subsection does not result in a waiver of any  
 34 applicable privilege or claim of confidentiality with respect to  
 35 the documents, materials, or information.

36 (4) Information provided to the NMLSR is subject to  
 37 IC 4-1-11.

38 (5) This subsection does not limit or impair a person's right  
 39 to:

40 (A) obtain information;

41 (B) use information as evidence in a civil action or  
 42 proceeding; or





(C) use information to initiate a civil action or proceeding; if the information may be obtained from the director or the director's designee under any law.

(6) Except as otherwise provided in the federal Housing and Economic Recovery Act of 2008, Public Law 110-289, Section 1512, the requirements under any federal law or IC 5-14-3 regarding the privacy or confidentiality of any information or material provided to the NMLSR, and any privilege arising under federal or state law, including the rules of any federal or state court, with respect to the information or material, continue to apply to the information or material after the information or material has been disclosed to the NMLSR. The information and material may be shared with all state and federal regulatory officials with mortgage industry oversight authority without the loss of privilege or the loss of confidentiality protections provided by federal law or IC 5-14-3.

(7) For purposes of this section, the director may enter agreements or sharing arrangements with other governmental agencies, the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, or other associations representing governmental agencies as established by rule or order of the director.

(8) Information or material that is subject to a privilege or confidentiality under subdivision (6) is not subject to:

(A) disclosure under any federal or state law governing the disclosure to the public of information held by an officer or an agency of the federal government or the respective state; or

(B) subpoena, discovery, or admission into evidence, in any private civil action or administrative process, unless with respect to any privilege held by the NMLSR with respect to the information or material, the person to whom the information or material pertains waives, in whole or in part, in the discretion of the person, that privilege.

(9) Any provision of IC 5-14-3 that concerns the disclosure of:

(A) confidential supervisory information; or

(B) any information or material described in subdivision (6);

and that is inconsistent with subdivision (6) is superseded by this section.

(10) This section does not apply with respect to information or



material that concerns the employment history of, and publicly adjudicated disciplinary and enforcement actions against, a person licensed in accordance with section 24 of this chapter and described in section 26(b) of this chapter and that is included in the NMLSR for access by the public.

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

(A) require review of; and

(B) make available;

the audited financial statements of the NMLSR.

(g) Notwithstanding any other provision of law, any:

(1) application, renewal, or other form or document that:

(A) relates to mortgage licenses issued by the department; and

(B) is made or produced in an electronic format;

(2) document filed as an electronic record in a multistate automated repository established and operated for the licensing or registration of mortgage lenders, brokers, or loan originators; or

(3) electronic record filed through the NMLSR;

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

Sec. 31. (a) A license issued under this article must be renewed not later than December 31 of each calendar year. A license issued under section 24 of this chapter must be renewed through the NMLSR. The minimum standards for license renewal for a creditor include the following:

(1) If the creditor is licensed in accordance with section 23 of this chapter, the creditor has:

(A) paid all required fees for renewal of the license; and

(B) filed all reports and information required by the director.

(2) If the creditor is licensed under section 24 of this chapter, the following:

(A) The creditor has continued to meet the surety bond requirement under section 29 of this chapter.

(B) The creditor has filed the creditor's call report in a manner that satisfies section 33(d) of this chapter.

(C) The creditor has paid all required fees for renewal of the license.



(D) The creditor and individuals described in section 26(b) of this chapter have certified to the department that they continue to meet all the standards for licensing established under section 26 of this chapter.

(E) The creditor has filed all reports and information required by the director.

(F) The creditor has provided in the creditor's renewal application any information describing material changes in the information contained in the creditor's original application for licensure, or in any previous application, including any previous renewal application, along with any other information the director requires in order to evaluate the renewal of the license issued under this article.

(b) A license issued by the department authorizing a person to engage as a creditor in consumer loans or consumer credit sales under this article may be revoked or suspended by the department if the person fails to:

- (1) file any renewal form required by the department; or
- (2) pay any license renewal fee described under section 26(h)(3) of this chapter;

not later than sixty (60) days after the due date.

(c) A person whose license is revoked or suspended under this section may do either of the following:

- (1) Pay all delinquent fees and apply for reinstatement of the license.
- (2) Appeal the revocation or suspension to the department for an administrative review under IC 4-21.5-3.

Pending the decision from a hearing under IC 4-21.5-3 concerning license revocation or suspension, a license remains in force.

(d) If, at any time, the information or record contained in:

- (1) an original application for licensure filed under section 23 or 24 of this chapter; or
- (2) a renewal application filed under this section;

is or becomes inaccurate or incomplete in a material respect, the applicant shall promptly file a correcting amendment with the department.

Sec. 32. (a) The department may issue to a person licensed to:

- (1) make consumer loans; or
- (2) engage in consumer credit sales that are mortgage transactions;

an order to show cause why the license should not be revoked or suspended for a period determined by the department.



1 (b) An order issued under subsection (a) must:

2 (1) include:

3 (A) a statement of the place, date, and time for a meeting  
4 with the department, which date may not be less than ten  
5 (10) days from the date of the order;

6 (B) a description of the action contemplated by the  
7 department; and

8 (C) a statement of the facts or conduct supporting the  
9 issuance of the order; and

10 (2) be accompanied by a notice stating that the licensee is  
11 entitled to:

12 (A) a reasonable opportunity to be heard; and

13 (B) show the licensee's compliance with all lawful  
14 requirements for retention of the license;

15 at the meeting described in subdivision (1)(A).

16 (c) After the meeting described in subsection (b)(1)(A), the  
17 department may revoke or suspend the license if the department  
18 finds that:

19 (1) the licensee has repeatedly and willfully violated:

20 (A) this article or any applicable rule, order, or guidance  
21 document adopted or issued by the department; or

22 (B) any other state or federal laws, rules, or regulations  
23 applicable to consumer credit transactions;

24 (2) the licensee does not meet the licensing qualifications  
25 under section 26 of this chapter;

26 (3) the licensee obtained the license for the benefit of, or on  
27 behalf of, a person who does not qualify for the license;

28 (4) the licensee knowingly or intentionally made material  
29 misrepresentations to, or concealed material information  
30 from, the department; or

31 (5) facts or conditions exist that, had they existed at the time  
32 the licensee applied for the license, would have been grounds  
33 for the department to deny the issuance of the license.

34 (d) Whenever the department revokes or suspends a license, the  
35 department shall enter an order to that effect and forthwith notify  
36 the licensee of:

37 (1) the revocation or suspension;

38 (2) if a suspension has been ordered, the duration of the  
39 suspension;

40 (3) the procedure for appealing the revocation or suspension  
41 under IC 4-21.5-3-6; and

42 (4) any other terms and conditions that apply to the



1           revocation or suspension.

2       Not later than five (5) days after the entry of the order the  
3       department shall deliver to the licensee a copy of the order and the  
4       findings supporting the order.

5           (e) Any person holding a license to make consumer loans may  
6       relinquish the license by notifying the department in writing of its  
7       relinquishment, but this relinquishment does not affect the person's  
8       liability for acts previously committed and coming within the scope  
9       of this article.

10          (f) If the director determines it is in the public interest, the  
11       director may pursue revocation of a license of a licensee that has  
12       relinquished the license under subsection (e).

13          (g) If a person's license is revoked, suspended, or relinquished,  
14       the revocation, suspension, or relinquishment does not impair or  
15       affect any obligation owed by any person under any preexisting  
16       lawful contract.

17          (h) If the director has just cause to believe an emergency exists  
18       from which it is necessary to protect the interests of the public, the  
19       director may proceed with the revocation of a license through an  
20       emergency or another temporary order under IC 4-21.5-4.

21       Sec. 33. (a) Every creditor required to be licensed under this  
22       article shall maintain records in conformity with United States  
23       generally accepted accounting principles and practices, or in any  
24       other form that may be preapproved at the discretion of the  
25       director, in a manner that will enable the department to determine  
26       whether the licensee is complying with the provisions of this article.  
27       The record keeping system of a licensee shall be sufficient if the  
28       licensee makes the required information reasonably available. The  
29       department shall determine the sufficiency of the records and  
30       whether the licensee has made the required information reasonably  
31       available. The department shall be given free access to the records  
32       wherever located. The records pertaining to any loan shall be  
33       retained for two (2) years after making the final entry relating to  
34       the loan, but in the case of a revolving loan account the two (2)  
35       years is measured from the date of each entry. A person licensed  
36       or required to be licensed under this chapter is subject to  
37       IC 28-1-2-30.5 with respect to any records maintained by the  
38       person. A person that is exempt (either under this article or under  
39       IC 37-1-1-6(8)) from licensing and that sponsors one (1) or more  
40       licensed mortgage loan originators as permitted by IC 37-1-1-6(8)  
41       or by 750 IAC 9, shall:

42           (1) cooperate with the department; and



1           (2) provide access to records and documents;  
 2 as required by the department in carrying out examinations of the  
 3 activities of the licensed mortgage loan originators sponsored by  
 4 the person.

5           (b) The unique identifier of any person originating a mortgage  
 6 transaction must be clearly shown on all mortgage transaction  
 7 application forms and any other documents as required by the  
 8 director.

9           (c) Every licensee that engages in mortgage transactions shall  
 10 use automated examination and regulatory software designated by  
 11 the director, including third party software. Use of the software  
 12 consistent with guidance documents and policies issued by the  
 13 director is not a violation of IC 28-1-2-30.

14           (d) Each:

15               (1) creditor that is licensed by the department to engage in  
 16 mortgage transactions; and

17               (2) person that is exempt (either under this article or under  
 18 IC 37-1-1-6(8)) from licensing and that:

19                   (A) employs one (1) or more licensed mortgage loan  
 20 originators; or

21                   (B) sponsors one (1) or more licensed mortgage loan  
 22 originators as permitted by IC 37-1-1-6(8) or by 750  
 23 IAC 9;

24 shall submit to the NMLSR a call report, which must be in the  
 25 form and contain information the NMLSR requires.

26           (e) Every creditor required to be licensed under this article shall  
 27 file with the department a composite report as required by the  
 28 department, but not more frequently than annually, in the form  
 29 prescribed by the department relating to all consumer loans made  
 30 by the licensee. The department shall consult with comparable  
 31 officials in other states for the purpose of making the kinds of  
 32 information required in the reports uniform among the states.  
 33 Information contained in the reports shall be confidential and may  
 34 be published only in composite form. The department may impose  
 35 a fee in an amount fixed by the department under IC 28-11-3-5 for  
 36 each day that a creditor fails to file the report required by this  
 37 subsection.

38           (f) A creditor required to be licensed under this article shall file  
 39 notification with the department if the licensee:

40               (1) has a change in name, address, or principals;

41               (2) opens a new branch, closes an existing branch, or relocates  
 42 an existing branch;



1 (3) files for bankruptcy or reorganization; or

2 (4) is subject to revocation or suspension proceedings by a  
3 state or governmental authority with regard to the licensee's  
4 activities;

5 not later than thirty (30) days after the date of the event described  
6 in this subsection.

7 (g) Every licensee shall file notification with the department if  
8 the licensee or any director, executive officer, or manager of the  
9 licensee has been convicted of a felony under the laws of Indiana or  
10 any other jurisdiction. The licensee shall file the notification  
11 required by this subsection not later than thirty (30) days after the  
12 date of the event described in this subsection.

13 Sec. 34. (a) As used in this section, "automated loan machine"  
14 means an unmanned machine that performs routine lending  
15 functions.

16 (b) A licensee may make loans through an automated loan  
17 machine at an offsite location if the licensee:

18 (1) notifies the department in writing of the existence and  
19 location of the automated loan machine;

20 (2) maintains at a location licensed or approved by the  
21 department the books, accounts, records, and files concerning  
22 transactions performed through the automated loan machine;  
23 and

24 (3) posts at the offsite location where the automated loan  
25 machine is located the:

26 (A) address where the books, accounts, records and files  
27 are located; and

28 (B) telephone number at which the licensee may be  
29 contacted.

30 Sec. 35. (a) With respect to a supervised loan, including a loan  
31 pursuant to a revolving loan account, a supervised lender may  
32 contract for and receive a loan finance charge not exceeding that  
33 permitted by this section.

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

36 (1) the total of:

37 (A) thirty-six percent (36%) per year on that part of the  
38 unpaid balances of the principal which is two thousand  
39 dollars (\$2,000) or less;

40 (B) twenty-one percent (21%) per year on that part of the  
41 unpaid balances of the principal which is more than two  
42 thousand dollars (\$2,000) but does not exceed four



1           thousand dollars (\$4,000); and

2           (C) fifteen percent (15%) per year on that part of the  
3           unpaid balances of the principal which is more than four  
4           thousand dollars (\$4,000); or

5           (2) twenty-five percent (25%) per year on the unpaid balances  
6           of the principal.

7           (c) In the case of a loan agreement entered into before July 1,  
8           2020, this section does not limit or restrict the manner of  
9           contracting for the loan finance charge, whether by way of add-on,  
10          discount, or otherwise, so long as the rate of the loan finance  
11          charge does not exceed that permitted by this section. If the loan is  
12          precomputed:

13          (1) the loan finance charge may be calculated on the  
14          assumption that all scheduled payments will be made when  
15          due; and

16          (2) the effect of prepayment is governed by the provisions on  
17          rebate upon prepayment in section 13 of this chapter.

18          After June 30, 2020, a loan agreement may not be entered into for  
19          a precomputed supervised loan. The loan finance charge  
20          authorized by this section must be contracted for between the  
21          lender and the debtor, and must be calculated by applying a rate  
22          not exceeding the rate set forth in subsection (b) to unpaid balances  
23          of the principal.

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

33          (e) Subject to classifications and differentiations the lender may  
34          reasonably establish, the lender may make the same loan finance  
35          charge on all principal amounts within a specified range. A loan  
36          finance charge does not violate subsection (b) if:

37          (1) when applied to the median amount within each range, it  
38          does not exceed the maximum permitted in subsection (b);  
39          and

40          (2) when applied to the lowest amount within each range, it  
41          does not produce a rate of loan finance charge exceeding the  
42          rate calculated according to subdivision (1) by more than





- 1           eight percent (8%) of the rate calculated according to  
2           subdivision (1).
- 3           (f) The amounts of two thousand dollars (\$2,000) and four  
4           thousand dollars (\$4,000) in subsection (b) and thirty dollars (\$30)  
5           in subsection (g) are subject to change pursuant to the provisions  
6           on adjustment of dollar amounts set forth in IC 37-2-1-5. However,  
7           notwithstanding IC 37-2-1-5(a), for the adjustment of the amount  
8           of thirty dollars (\$30), the Reference Base Index to be used is the  
9           Index for October 1992. Notwithstanding IC 37-2-1-5(a), for the  
10          adjustment of the amounts of two thousand dollars (\$2,000) and  
11          four thousand dollars (\$4,000), the Reference Base Index to be used  
12          is the Index for October 2012.
- 13          (g) With respect to a supervised loan not made pursuant to a  
14          revolving loan account, the lender may contract for and receive a  
15          minimum loan finance charge of not more than thirty dollars (\$30).  
16          The minimum loan finance charge allowed under this subsection  
17          may be imposed only if the lender does not assess a nonrefundable  
18          prepaid finance charge under subsection (h) and:
- 19                (1) the debtor prepays in full a consumer loan, refinancing, or  
20                consolidation, regardless of whether the loan, refinancing, or  
21                consolidation is precomputed;
- 22                (2) the loan, refinancing, or consolidation prepaid by the  
23                debtor is subject to a loan finance charge that:
- 24                    (A) is contracted for by the parties; and  
25                    (B) does not exceed the rate prescribed in subsection (b);  
26                and
- 27                (3) the loan finance charge earned at the time of prepayment  
28                is less than the minimum loan finance charge contracted for  
29                under this subsection.
- 30          (h) Except as provided in subsections (g) and (j)(3), in addition  
31          to the loan finance charge provided for in this section and to any  
32          other charges and fees permitted by this chapter, the lender may  
33          contract for and receive a nonrefundable prepaid finance charge  
34          of not more than fifty dollars (\$50) if the loan agreement is entered  
35          into before July 1, 2020. If the loan agreement is entered into after  
36          June 30, 2020, not more than the following:
- 37                (1) Seventy-five dollars (\$75), in the case of a loan agreement  
38                for a principal amount which is two thousand dollars (\$2,000)  
39                or less.
- 40                (2) One hundred fifty dollars (\$150) in the case of a loan  
41                agreement for a principal amount which is more than two  
42                thousand dollars (\$2,000) but does not exceed four thousand



dollars (\$4,000).

(3) Two hundred dollars (\$200) in the case of a loan agreement for a principal amount which is more than four thousand dollars (\$4,000).

The amounts in this subsection are not subject to change under IC 37-2-1-5.

(i) The nonrefundable prepaid finance charge provided for in subsection (h) is not subject to refund or rebate. However, for any supervised loan entered into after June 30, 2020, any amount charged by the lender, other than by a lender that is a depository institution, under subsection (h) that exceeds the applicable amount permitted by subsection (h) constitutes a violation of this article under IC 37-2-7-8(12) and is subject to refund. Any amount charged by a depository institution under subsection (h) that exceeds the applicable amount set forth in subsection (h) is subject to refund.

(j) Notwithstanding subsections (h) and (i), in the case of a supervised 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:

(1) 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.

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

(3) Subject to subdivisions (a) and (b), if a supervised loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (h) for loan agreements entered into after June 30, 2020.

(k) In the case of a supervised 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 5(a)(4)(B) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection (h).



1       **Sec. 36.** With respect to a consumer loan, no lender may permit  
 2       any person, or husband and wife, to become obligated in any way  
 3       under more than one loan agreement with the lender or with a  
 4       person related to the lender, with intent to obtain a higher rate of  
 5       loan finance charge than would otherwise be permitted by the  
 6       provisions on loan finance charge for supervised loans set forth in  
 7       section 35 of this chapter or to avoid disclosure of an annual  
 8       percentage rate pursuant to the provisions on disclosure set forth  
 9       in section 14 of this chapter. The excess amount of loan finance  
 10      charge provided for in agreements in violation of this section is an  
 11      excess charge for the purposes of the provisions on effect of  
 12      violations on rights of parties (IC 37-2-6-9) and the provisions on  
 13      civil actions by the department (IC 37-2-7-14).

14      **Sec. 37. (a)** With respect to a supervised loan in which the  
 15      principal is four thousand dollars (\$4,000) or less, a lender may not  
 16      contract for an interest in land as security. A security interest  
 17      taken in violation of this section is void.

18      **(b)** The amount of four thousand dollars (\$4,000) in subsection  
 19      (a) is subject to change pursuant to the provisions on adjustment  
 20      of dollar amounts set forth in IC 37-2-1-5. However,  
 21      notwithstanding IC 37-2-1-5(a), the Reference Base Index to be  
 22      used under this subsection is the Index for October 2012.

23      **Sec. 38. (a)** Supervised loans not made pursuant to a revolving  
 24      loan account and in which the principal is four thousand dollars  
 25      (\$4,000) or less are payable in a single installment or shall be  
 26      scheduled to be payable in substantially equal installments that are  
 27      payable at equal periodic intervals, except to the extent that the  
 28      schedule of payments is adjusted to the seasonal or irregular  
 29      income of the debtor, and:

30          **(1)** over a period of not more than thirty-seven (37) months if  
 31          the principal is more than three hundred dollars (\$300); or

32          **(2)** over a period of not more than twenty-five (25) months if  
 33          the principal is three hundred dollars (\$300) or less.

34      **(b)** The amounts of three hundred dollars (\$300) and four  
 35      thousand dollars (\$4,000) in subsection (a) are subject to change  
 36      pursuant to the provisions on adjustment of dollar amounts set  
 37      forth in IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the  
 38      Reference Base Index to be used with respect to the amount of:

39          **(1)** three hundred dollars (\$300) is the Index for October  
 40          1992; and

41          **(2)** four thousand dollars (\$4,000) is the Index for October  
 42          2012.



1       **Sec. 39. A licensee may carry on other business at a location**  
 2 **where the licensee makes consumer loans unless the licensee**  
 3 **carries on other business for the purpose of evasion or violation of**  
 4 **this article.**

5       **Sec. 40. (a) As used in this section, "control" means possession**  
 6 **of the power directly or indirectly to:**

7       **(1) direct or cause the direction of the management or policies**  
 8 **of a creditor, whether through the beneficial ownership of**  
 9 **voting securities, by contract, or otherwise; or**

10       **(2) vote at least twenty-five percent (25%) of the voting**  
 11 **securities of a creditor, whether the voting rights are derived**  
 12 **through the beneficial ownership of voting securities, by**  
 13 **contract, or otherwise.**

14       **(b) An organization or an individual acting directly, indirectly,**  
 15 **or through or in concert with one (1) or more other organizations**  
 16 **or individuals may not acquire control of any creditor unless the**  
 17 **department has received and approved an application for change**  
 18 **in control. The department has not more than one hundred twenty**  
 19 **(120) days after receipt of an application to issue a notice**  
 20 **approving the proposed change in control. The application must**  
 21 **contain the name and address of the organization, individual, or**  
 22 **individuals who propose to acquire control and any other**  
 23 **information required by the director.**

24       **(c) The period for approval under subsection (b) may be**  
 25 **extended:**

26       **(1) in the discretion of the director for an additional thirty**  
 27 **(30) days; and**

28       **(2) not more than two (2) additional times for not more than**  
 29 **forty-five (45) days each time if:**

30       **(A) the director determines that the organization,**  
 31 **individual, or individuals who propose to acquire control**  
 32 **have not submitted substantial evidence of the**  
 33 **qualifications described in subsection (d);**

34       **(B) the director determines that any material information**  
 35 **submitted is substantially inaccurate; or**

36       **(C) the director has been unable to complete the**  
 37 **investigation of the organization, individual, or individuals**  
 38 **who propose to acquire control because of any delay**  
 39 **caused by or the inadequate cooperation of the**  
 40 **organization, individual, or individuals.**

41       **(d) The department shall issue a notice approving the**  
 42 **application only after the department is satisfied that both of the**



1 following apply:

2 (1) The organization, individual, or individuals who propose  
3 to acquire control are qualified by competence, experience,  
4 character, and financial responsibility to control and operate  
5 the creditor in a legal and proper manner.

6 (2) The interests of the owners and creditors of the creditor  
7 and the interests of the public generally will not be  
8 jeopardized by the proposed change in control.

9 (e) The director may determine, in the director's discretion, that  
10 subsection (b) does not apply to a transaction if the director  
11 determines that the direct or beneficial ownership of the creditor  
12 will not change as a result of the transaction.

13 (f) The president or other chief executive officer of a creditor  
14 shall report to the director any transfer or sale of securities of the  
15 creditor that results in direct or indirect ownership by a holder or  
16 an affiliated group of holders of at least ten percent (10%) of the  
17 outstanding securities of the creditor. The report required by this  
18 subsection must be made not later than ten (10) days after the  
19 transfer of the securities on the books of the creditor.

20 (g) Depending on the circumstances of the transaction, the  
21 director may reserve the right to require the organization,  
22 individual, or individuals who propose to acquire control of a  
23 creditor licensed under this article to apply for a new license under  
24 section 26 of this chapter, instead of acquiring control of the  
25 licensee under this section.

26 Sec. 41. The parties to a loan other than a consumer loan may  
27 agree in writing signed by the parties that the loan is subject to the  
28 provisions of this article applying to consumer loans. If the parties  
29 so agree, the loan is a consumer loan for the purposes of this  
30 article.

31 Sec. 42. (a) With respect to a consumer related loan, including  
32 one made pursuant to a revolving loan account, the parties may  
33 contract for the payment by the debtor of a loan finance charge,  
34 calculated according to the actuarial method, not to exceed  
35 twenty-five percent (25%) per year on the unpaid principal  
36 balance.

37 (b) A person engaged in consumer related loans is not required  
38 to comply with:

39 (1) the licensing requirements set forth in section 26 of this  
40 chapter; or

41 (2) IC 37-2-7-24 through IC 37-2-7-26.

42 Sec. 43. (a) The agreement with respect to a consumer related



loan may provide for only the following charges as a result of the debtor's default:

- (1) reasonable attorney's fees and reasonable expenses incurred in realizing on a security interest;
- (2) deferral charges not in excess of twenty-five percent (25%) per year of the amount deferred for the period of deferral; and
- (3) other charges that could have been made had the loan been a consumer loan.

(b) A provision in violation of this section is unenforceable.

Sec. 44. With respect to a loan other than a consumer loan or a consumer related loan, the parties may contract for the payment by the debtor of any loan finance charge.

Sec. 45. (a) In addition to any disclosures otherwise provided by law, a lender soliciting loans using a negotiable check, facsimile, or other negotiable instrument that may be used by a consumer to activate a new loan shall disclose the following:

"This is a solicitation for a loan. Read the enclosed disclosures before signing this agreement."

This notice shall be printed in at least ten point type and shall appear conspicuously on the offer.

(b) If a negotiable check, a facsimile, or another instrument is stolen or incorrectly received by someone other than the intended payee and the instrument is fraudulently cashed, the consumer who was the intended payee is not liable for the loan obligation.

Sec. 46. With respect to a consumer loan secured by an interest in land used or expected to be used as the principal dwelling of the debtor, a lender shall comply with IC 6-1.1-12-43.

#### Chapter 5. Insurance

Sec. 1. (a) Except as provided in subsection (b), this chapter applies to insurance provided or to be provided in relation to a consumer credit sale, a consumer lease, or a consumer loan.

(b) Section 17 of this chapter concerning cancellation by a creditor applies to loans the primary purpose of which is the financing of insurance. No other provision of this chapter applies to insurance so financed.

(c) This chapter supplements and does not repeal IC 27-8-4 (the credit insurance act). The provisions of this article concerning administrative controls, liabilities, and penalties do not apply to persons acting as insurers, and the similar provisions of IC 27-8-4 do not apply to creditors and debtors.

Sec. 2. (a) Except as otherwise provided in this chapter and



1 subject to the provisions on:

2 (1) additional charges set forth in IC 37-2-3-5 and  
3 IC 37-2-4-5;

4 (2) maximum charges set forth in IC 37-2-3-4 through  
5 IC 37-2-3-12; and

6 (3) maximum charges set forth in IC 37-2-4-4 through  
7 IC 37-2-4-13;

8 a creditor may agree to provide insurance, and may contract for  
9 and receive a charge for insurance separate from and in addition  
10 to other charges. A creditor need not make a separate charge for  
11 insurance provided or required by the creditor. This article does  
12 not authorize the issuance of any insurance prohibited under any  
13 statute, or rule thereunder, governing the business of insurance.

14 (b) The excess amount of a charge for insurance provided for in  
15 agreements in violation of this chapter is an excess charge for the  
16 purposes of the provisions of the chapter on remedies and penalties  
17 (IC 37-2-6) as to effect of violations on rights of parties  
18 (IC 37-2-6-9) and of the provisions of IC 37-2-7 as to civil actions  
19 by the department (IC 37-2-7-14).

20 Sec. 3. If a creditor agrees with a debtor to provide insurance:

21 (1) the insurance shall be evidenced by an individual policy or  
22 certificate of insurance delivered to the debtor, or sent to the  
23 debtor at the debtor's address as stated by the debtor, within  
24 thirty (30) days after the term of the insurance commences  
25 under the agreement between the creditor and debtor; or

26 (2) the creditor shall promptly notify the debtor of any failure  
27 or delay in providing the insurance.

28 Sec. 4. (a) In applying the provisions of this article on  
29 unconscionability (IC 37-2-6-7 and IC 37-2-7-12) to a separate  
30 charge for insurance, consideration shall be given, among other  
31 factors, to:

32 (1) potential benefits to the debtor including the satisfaction  
33 of the debtor's obligations;

34 (2) the creditor's need for the protection provided by the  
35 insurance; and

36 (3) the relation between the amount and terms of credit  
37 granted and the insurance benefits provided.

38 (b) If consumer credit insurance otherwise complies with this  
39 chapter and other applicable law, neither the amount nor the term  
40 of the insurance nor the amount of a charge therefor is in itself  
41 unconscionable.

42 Sec. 5. (a) Except as provided in subsection (b), if a creditor



1 contracts for or receives a separate charge for insurance, the  
 2 amount charged to the debtor for the insurance may not exceed the  
 3 premium to be charged by the insurer, as computed at the time the  
 4 charge to the debtor is determined, conforming to any rate filings  
 5 required by law and made by the insurer with the insurance  
 6 commissioner.

7 (b) A creditor who provides consumer credit insurance in  
 8 relation to a revolving charge account or revolving loan account  
 9 may calculate the charge to the debtor in each billing cycle by  
 10 applying the current premium rate to one (1) of the following:

11 (1) The average daily unpaid balance of the debt in the cycle.

12 (2) The unpaid balance of the debt or a median amount within  
 13 a specified range of unpaid balances of debt on approximately  
 14 the same day of the cycle. The day of the cycle need not be the  
 15 day used in calculating the credit service charge under  
 16 IC 37-2-3-4(f) or loan finance charge (IC 37-2-4-4 and  
 17 IC 37-2-4-35), but the specified range shall be the range used  
 18 for that purpose.

19 (3) The unpaid balances of principal calculated according to  
 20 the actuarial method.

21 (4) The amount of the insurance benefit for the cycle.

22 Sec. 6. (a) Upon prepayment in full of a consumer credit sale or  
 23 consumer loan by the proceeds of consumer credit insurance, the  
 24 debtor or the debtor's estate is entitled to a refund of:

25 (1) any portion of a separate charge for insurance which by  
 26 reason of prepayment is retained by the creditor or returned  
 27 to the creditor by the insurer unless the charge was computed  
 28 from time to time on the basis of the balances of the debtor's  
 29 account; and

30 (2) any portion of an additional charge that is:

31 (A) assessed in accordance with IC 37-2-3-5(a)(3),  
 32 IC 37-2-3-5(a)(8), IC 37-2-3-5(a)(5), or IC 37-2-4-5(a)(11);  
 33 and

34 (B) subject to rebate upon prepayment.

35 (b) This chapter does not require a creditor to grant a refund or  
 36 credit to the debtor if all refunds and credits due to the debtor  
 37 under this chapter amount to less than one dollar (\$1), and except  
 38 as provided in subsection (a) does not require the creditor to  
 39 account to the debtor for any portion of a separate charge for  
 40 insurance because:

41 (1) the insurance is terminated by performance of the  
 42 insurer's obligation;





1           (2) the creditor pays or accounts for premiums to the insurer  
2           in amounts and at times determined by the agreement  
3           between them; or

4           (3) the creditor receives directly or indirectly under any  
5           policy of insurance a gain or advantage not prohibited by law.

6           (c) Except as provided in subsection (b), the creditor or the  
7           creditor's assignee shall promptly make an appropriate refund or  
8           credit to the debtor for any separate charge made for insurance or  
9           for an additional charge described in subsection (a)(2) if:

10           (1) the insurance is not provided or is provided for a term  
11           shorter than the term for which the charge to the debtor for  
12           insurance was computed; or

13           (2) the insurance or the protection provided in exchange for  
14           the additional charge described in subsection (a)(2) terminates  
15           prior to the end of the scheduled term of the coverage because  
16           of prepayment in full or otherwise.

17           (d) An initial creditor, a subsequent creditor, or an assignee of  
18           an initial or a subsequent creditor, shall maintain documentation  
19           of any account that is subject to a refund or credit under this  
20           section. The information maintained under this subsection shall be  
21           made available to the department as necessary to determine  
22           compliance with this section.

23           (e) A refund or credit required by subsection (c)(1) is  
24           appropriate as to amount if it is computed according to a method  
25           prescribed or approved by the insurance commissioner or a  
26           formula filed by the insurer with the insurance commissioner at  
27           least thirty (30) days before the debtor's right to a refund or credit  
28           becomes determinable, unless the method or formula is used after  
29           the insurance commissioner notifies the insurer that it is  
30           disapproved.

31           (f) If a refund or credit required by subsection (a) or (c) is not  
32           made to the debtor within sixty (60) days after the date the debt is  
33           terminated, due to prepayment in full or otherwise, the creditor  
34           shall pay to the debtor for each day after the sixty (60) day period  
35           has expired an amount equal to the daily interest at the contracted  
36           annual percentage rate on the amount of the refund required by  
37           subsection (a) due at the time of prepayment or termination. The  
38           director may impose an additional civil penalty of not greater than  
39           one thousand dollars (\$1,000) per occurrence if a creditor engages  
40           in a pattern or practice of failing to comply with this subsection.

41           Sec. 7. If a creditor requires insurance, upon notice to the  
42           creditor the debtor shall have the option of providing the required



1 insurance through an existing policy of insurance owned or  
 2 controlled by the debtor, or through a policy to be obtained and  
 3 paid for by the debtor, but the creditor may for reasonable cause  
 4 decline the insurance provided by the debtor.

5 Sec. 8. (a) A creditor may not contract for or receive a separate  
 6 charge for insurance in connection with a deferral (IC 37-2-3-7 or  
 7 IC 37-2-4-7), a refinancing (IC 37-2-3-8 or IC 37-2-4-8), or a  
 8 consolidation (IC 37-2-3-9 or IC 37-2-4-9), unless:

9 (1) the debtor agrees at or before the time of the deferral,  
 10 refinancing, or consolidation that the charge may be made;

11 (2) the debtor is or is to be provided with insurance for an  
 12 amount or a term, or insurance of a kind, in addition to that  
 13 to which the debtor would have been entitled had there been  
 14 no deferral, refinancing, or consolidation;

15 (3) the debtor receives a refund or credit on account of any  
 16 unexpired term of existing insurance in the amount that  
 17 would be required if the insurance were terminated under  
 18 section 6 of this chapter; and

19 (4) the charge does not exceed the amount permitted by  
 20 section 5 of this chapter.

21 (b) A creditor may not contract for or receive a separate charge  
 22 for insurance which duplicates insurance with respect to which the  
 23 creditor has previously contracted for or received a separate  
 24 charge.

25 Sec. 9. The department and the insurance commissioner are  
 26 authorized and directed to consult and assist one another in  
 27 maintaining compliance with this chapter. They may jointly pursue  
 28 investigations, prosecute suits, and take other official action, as  
 29 may seem to them appropriate, if either of them is otherwise  
 30 empowered to take the action. If the department is informed of a  
 31 violation or suspected violation by an insurer of this chapter, or of  
 32 the insurance laws, rules, and regulations of Indiana, the  
 33 department shall advise the insurance commissioner of the  
 34 circumstances.

35 Sec. 10. (a) To the extent that the commissioner's responsibility  
 36 under this chapter requires, the commissioner of insurance shall  
 37 issue rules with respect to insurers, and with respect to refunds  
 38 (section 6 of this chapter), forms, schedules of premium rates and  
 39 charges (section 13 of this chapter), and the commissioner's  
 40 approval or disapproval thereof and, in case of violation, may  
 41 make an order for compliance.

42 (b) IC 4-21.5-3 applies to and governs all agency action taken by



1 the commissioner of insurance pursuant to this section.

2 **Sec. 11. (a) Consumer credit insurance provided by a creditor**  
 3 **may be subject to the furnishing of evidence of insurability**  
 4 **satisfactory to the insurer. Whether or not such evidence is**  
 5 **required, the term of the insurance shall commence no later than**  
 6 **when the debtor becomes obligated to the creditor or when the**  
 7 **debtor applies for the insurance, whichever is later, except as**  
 8 **follows:**

9 (1) if any required evidence of insurability is not furnished  
 10 until more than thirty (30) days after the term would  
 11 otherwise commence, the term may commence on the date  
 12 when the insurer determines the evidence to be satisfactory;  
 13 or

14 (2) if the creditor provides insurance not previously provided  
 15 covering debts previously created, the term may commence on  
 16 the effective date of the policy.

17 (b) The originally scheduled term of the insurance shall extend  
 18 at least until the due date of the last scheduled payment of the debt  
 19 except as follows:

20 (1) if the insurance relates to a revolving charge account or  
 21 revolving loan account, the term need extend only until the  
 22 payment of the debt under the account and may be sooner  
 23 terminated after at least thirty (30) days notice to the debtor;  
 24 or

25 (2) if the debtor is advised in writing that the insurance will be  
 26 written for a specified shorter time, the term need extend only  
 27 until the end of the specified time.

28 (c) The term of the insurance shall not extend more than fifteen  
 29 (15) days after the originally scheduled due date of the last  
 30 scheduled payment of the debt unless it is extended without  
 31 additional cost to the debtor or as an incident to a deferral;  
 32 refinancing, or consolidation.

33 **Sec. 12. (a) Except as provided in subsection (b):**

34 (1) in the case of consumer credit insurance providing life  
 35 coverage, the amount of insurance may not initially exceed the  
 36 debt and, if the debt is payable in installments, may not at any  
 37 time exceed the greater of the scheduled or actual amount of  
 38 the debt; or

39 (2) in the case of any other consumer credit insurance, the  
 40 total amount of periodic benefits payable may not exceed the  
 41 total of scheduled unpaid installments of the debt, and the  
 42 amount of any periodic benefit may not exceed the original



amount of debt divided by the number of periodic installments in which it is payable.

(b) If consumer credit insurance is provided in connection with a revolving charge account or revolving loan account, the amounts payable as insurance benefits may be reasonably commensurate with the amount of debt as it exists from time to time. If consumer credit insurance is provided in connection with a commitment to grant credit in the future, the amounts payable as insurance benefits may be reasonably commensurate with the total from time to time of the amount of debt and the amount of the commitment.

Sec. 13. (a) A creditor may not use a form, or a schedule of premium rates or charges, the filing of which is required by this section, if the insurance commissioner has disapproved the form or schedule and has notified the insurer of the insurance commissioner's disapproval. A creditor may not use a form or schedule unless:

(1) the form or schedule has been on file with the insurance commissioner for thirty (30) days, or has earlier been approved by the commissioner; and

(2) the insurer has complied with this section with respect to the insurance.

(b) Except as provided in subsection (c), all policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders relating to consumer credit insurance delivered or issued for delivery in this state, and the schedules of premium rates or charges pertaining thereto, shall be filed by the insurer with the insurance commissioner. Within thirty (30) days after the filing of any form or schedule, the commissioner shall disapprove it if the premium rates or charges are unreasonable in relation to the benefits provided under the form, or if the form contains provisions which are unjust, unfair, inequitable, or deceptive, or encourage misrepresentation of the coverage, or are contrary to any provision of IC 27 or of any rule promulgated under IC 27.

(c) If a group policy has been delivered in another state, the forms to be filed by the insurer with the insurance commissioner are the group certificates and notices of proposed insurance. The commissioner shall approve them if:

(1) they provide the information that would be required if the group policy were delivered in this state; and

(2) the applicable premium rates or charges do not exceed those established by the commissioner's rules.



1       **Sec. 14. (a) A creditor may not contract for or receive a separate**  
2 **charge for insurance against loss of or damage to property unless:**

3       **(1) the insurance covers a substantial risk of loss of or damage**  
4 **to property related to the credit transaction;**

5       **(2) the amount, terms, and conditions of the insurance are**  
6 **reasonable in relation to the character and value of the**  
7 **property insured or to be insured; and**

8       **(3) the term of the insurance is reasonable in relation to the**  
9 **terms of credit.**

10       **(b) The term of the insurance is reasonable if it is customary**  
11 **and does not extend substantially beyond a scheduled maturity.**

12       **(c) A creditor may not contract for or receive a separate charge**  
13 **for insurance against loss of or damage to property unless the**  
14 **amount financed or principal exclusive of charges for the insurance**  
15 **is three hundred dollars (\$300) or more, and the value of the**  
16 **property is three hundred dollars (\$300) or more.**

17       **(d) The amounts of three hundred dollars (\$300) in subsection**  
18 **(c) are subject to change pursuant to the provisions on adjustment**  
19 **of dollar amounts (IC 37-2-1-5). However, notwithstanding**  
20 **IC 37-2-1-5(a), the Reference Base Index to be used under this**  
21 **subsection is the Index for October 1992.**

22       **Sec. 15. If a creditor contracts for or receives a separate charge**  
23 **for insurance against loss of or damage to property, the risk of loss**  
24 **or damage not willfully caused by the debtor is on the debtor only**  
25 **to the extent of any deficiency in the effective coverage of the**  
26 **insurance, even though the insurance covers only the interest of the**  
27 **creditor.**

28       **Sec. 16. A creditor may not contract for or receive a separate**  
29 **charge for insurance against liability unless the insurance covers**  
30 **a substantial risk of liability arising out of the ownership or use of**  
31 **property related to the credit transaction.**

32       **Sec. 17. A creditor shall not request cancellation of a policy of**  
33 **property or liability insurance except after the debtor's default or**  
34 **in accordance with a written authorization by the debtor, and in**  
35 **either case the cancellation does not take effect until written notice**  
36 **is delivered to the debtor or mailed to the debtor at the debtor's**  
37 **address as stated by the debtor. The notice shall state that the**  
38 **policy may be canceled on a date not less than ten (10) days after**  
39 **the notice is delivered, or, if the notice is mailed, not less than**  
40 **thirteen (13) days after it is mailed.**

41       **Sec. 18. Upon the payment in full of a consumer credit sale or**  
42 **consumer loan, the creditor or creditor's assignee shall promptly**



1 make an appropriate refund of the unearned premium for any  
2 property insurance with respect to which the creditor or the credit  
3 account of the consumer is a beneficiary.

4 **Chapter 6. Remedies and Penalties**

5 **Sec. 0.1.** The amendments made to IC 24-4.5-5-203 (before its  
6 repeal) by P.L.181-1991 applied to causes of action accruing after  
7 June 30, 1991.

8 **Sec. 1.** Sections 0.1 through 7 of this chapter apply to:

- 9 (1) actions or other proceedings to enforce rights arising from  
10 consumer credit sales, consumer leases, and consumer loans;  
11 (2) garnishments of the earnings of an individual; and  
12 (3) extortionate extensions of credit.

13 **Sec. 2. (a)** This section applies to a consumer credit sale of goods  
14 or services.

15 (b) If the seller repossesses or voluntarily accepts surrender of  
16 goods which were the subject of the sale and in which the seller has  
17 a security interest, and the cash price of the goods repossessed or  
18 surrendered was four thousand dollars (\$4,000) or less, the buyer  
19 is not personally liable to the seller for the unpaid balance of the  
20 debt arising from the sale of the goods, and the seller is not  
21 obligated to resell the collateral.

22 (c) If the seller repossesses or voluntarily accepts surrender of  
23 goods which were not the subject of the sale but in which the seller  
24 has a security interest to secure a debt arising from a sale of goods  
25 or services or a combined sale of goods and services and the cash  
26 price of the sale was four thousand dollars (\$4,000) or less, the  
27 buyer is not personally liable to the seller for the unpaid balance of  
28 the debt arising from the sale.

29 (d) For the purpose of determining the unpaid balance of  
30 consolidated debts or debts pursuant to revolving charge accounts,  
31 the allocation of payments to a debt shall be determined in the  
32 same manner as provided for determining the amount of debt  
33 secured by various security interests under IC 37-2-3-20.

34 (e) The buyer may be liable in damages to the seller if the buyer  
35 has wrongfully damaged the collateral or if, after default and  
36 demand, the buyer has wrongfully failed to make the collateral  
37 available to the seller.

38 (f) If the seller elects to bring an action against the buyer for a  
39 debt arising from a consumer credit sale of goods or services, and  
40 under this section the seller would not be entitled to a deficiency  
41 judgment if the seller repossessed the collateral, and the seller  
42 obtains a judgment:



1 (1) the seller may not repossess the collateral; and

2 (2) the collateral is not subject to levy or sale on execution or  
3 similar proceedings pursuant to the judgment.

4 (g) The amounts of four thousand dollars (\$4,000) in subsections  
5 (b) and (c) are subject to change pursuant to the provisions on  
6 adjustment of dollar amounts (IC 37-2-1-5). However,  
7 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be  
8 used under this subsection is the Index for October 2012.

9 Sec. 3. Prior to entry of judgment in an action against the  
10 debtor, no creditor may attach unpaid earnings of the debtor by  
11 garnishment or like proceedings.

12 Sec. 4. (a) For the purposes of sections 1 through 7 of this  
13 chapter:

14 (1) "disposable earnings" means that part of the earnings of  
15 an individual, including wages, commissions, income, rents, or  
16 profits remaining after the deduction from those earnings of  
17 amounts required by law to be withheld;

18 (2) "garnishment" means any legal or equitable proceedings  
19 through which the earnings of an individual are required to  
20 be withheld by a garnishee, by the individual debtor, or by  
21 any other person for the payment of a judgment; and

22 (3) "support withholding" means that part of the earnings  
23 that are withheld from an individual for child support in  
24 accordance with the laws of this state.

25 (b) Except as provided in subsection (h), the maximum part of  
26 the aggregate disposable earnings of an individual for any  
27 workweek which is subjected to garnishment to enforce the  
28 payment of one (1) or more judgments against the individual may  
29 not exceed the lesser of the following amounts:

30 (1) An amount equal to twenty-five percent (25%) of the  
31 individual's disposable earnings for that week or, upon a  
32 showing of good cause by the individual why the amount  
33 should be reduced, an amount equal to:

34 (A) less than twenty-five percent (25%); and

35 (B) at least ten percent (10%);

36 of the individual's disposable earnings for that week.

37 (2) The amount by which the individual's disposable earnings  
38 for that week exceed thirty (30) times the federal minimum  
39 hourly wage prescribed by 29 U.S.C. 206(a)(1) in effect at the  
40 time the earnings are payable.

41 In the case of earnings for a pay period other than a week, the  
42 earnings shall be computed upon a multiple of the federal



1 minimum hourly wage equivalent to thirty (30) times the federal  
2 minimum hourly wage as prescribed in this section.

3 (c) The maximum part of the aggregate disposable earnings of  
4 an individual for any workweek which is subject to garnishment or  
5 support withholding to enforce any order for the support of any  
6 person shall not exceed:

7 (1) where such individual is supporting the individual's spouse  
8 or dependent child (other than a spouse or child with respect  
9 to whose support such order is used), fifty percent (50%) of  
10 such individual's disposable earnings for that week; and

11 (2) where such individual is not supporting such a spouse or  
12 dependent child described in subdivision (1), sixty percent  
13 (60%) of such individual's disposable earnings for that week;

14 except that, with respect to the disposable earnings of any  
15 individual for any workweek, the fifty percent (50%) specified in  
16 subdivision (1) shall be deemed to be fifty-five percent (55%) and  
17 the sixty percent (60%) specified in subdivision (2) shall be deemed  
18 to be sixty-five percent (65%), if and to the extent that such  
19 earnings are subject to garnishment or support withholding to  
20 enforce a support order with respect to a period which is prior to  
21 the twelve (12) week period which ends with the beginning of such  
22 workweek.

23 (d) No court may make, execute, or enforce an order or process  
24 in violation of this section.

25 (e) An employer who is required to make deductions from an  
26 individual's disposable earnings pursuant to a garnishment order  
27 or series of orders arising out of the same judgment debt  
28 (excluding a judgment for payment of child support) may collect,  
29 as a fee to compensate the employer for making these deductions,  
30 an amount equal to the greater of twelve dollars (\$12) or three  
31 percent (3%) of the total amount required to be deducted by the  
32 garnishment order or series of orders arising out of the same  
33 judgment debt. If the employer chooses to impose a fee, the fee  
34 shall be allocated as follows:

35 (1) One-half (1/2) of the fee shall be borne by the debtor, and  
36 that amount may be deducted by the employer directly from  
37 the employee's disposable earnings.

38 (2) One-half (1/2) of the fee shall be borne by the creditor, and  
39 that amount may be retained by the employer from the  
40 amount otherwise due the creditor.

41 The deductions made under this subsection for a collection fee do  
42 not increase the amount of the judgment debt for which the fee is





1 collected for the purpose of calculating or collecting judgment  
2 interest. This fee may be collected by an employer only once for  
3 each garnishment order or series of orders arising out of the same  
4 judgment debt. The employer may collect the entire fee from one  
5 (1) or more of the initial deductions from the employee's disposable  
6 earnings. Alternatively, the employer may collect the fee ratably  
7 over the number of pay periods during which deductions from the  
8 employee's disposable earnings are required.

9 (f) The deduction of the garnishment collection fee under  
10 subsection (e)(1) or subsection (g) is not an assignment of wages  
11 under IC 22-2-6.

12 (g) An employer who is required to make a deduction from an  
13 individual's disposable earnings in accordance with a judgment for  
14 payment of child support may collect a fee of two dollars (\$2) each  
15 time the employer is required to make the deduction. The fee may  
16 be deducted by the employer from the individual's disposable  
17 earnings each time the employer makes the deduction for support.  
18 If the employer elects to deduct such a fee, the amount to be  
19 deducted for the payment of support must be reduced accordingly  
20 if necessary to avoid exceeding the maximum amount permitted to  
21 be deducted under subsection (c).

22 (h) A support withholding order takes priority over a  
23 garnishment order irrespective of their dates of entry or activation.  
24 If a person is subject to a support withholding order and a  
25 garnishment order, the garnishment order shall be honored only  
26 to the extent that disposable earnings withheld under the support  
27 withholding order do not exceed the maximum amount subject to  
28 garnishment as computed under subsection (b).

29 **Sec. 5.** No employer shall discharge an employee for the reason  
30 that a creditor or creditors of the employee has subjected or  
31 attempted to subject unpaid earnings of the employee to  
32 garnishment or like proceedings directed to the employer for the  
33 purpose of paying a judgment or judgments.

34 **Sec. 6. (a)** If it is the understanding of the creditor and the  
35 debtor at the time an extension of credit is made that delay in  
36 making repayment or failure to make repayment could result in  
37 the use of violence or other criminal means to cause harm to the  
38 person, reputation, or property of any person, the repayment of the  
39 extension of credit is unenforceable through civil judicial processes  
40 against the debtor.

41 (b) If it is shown that an extension of credit was made at an  
42 annual rate exceeding forty-five percent (45%) calculated



1 according to the actuarial method and that the creditor then had  
 2 a reputation for the use or threat of use of violence or other  
 3 criminal means to cause harm to the person, reputation, or  
 4 property of any person to collect extensions of credit or to punish  
 5 the nonrepayment thereof, there is prima facie evidence that the  
 6 extension of credit was unenforceable under subsection (a).

7 Sec. 7. (a) With respect to a consumer credit sale, consumer  
 8 lease, or consumer loan, if the court as a matter of law finds the  
 9 agreement or any clause of the agreement to have been  
 10 unconscionable at the time it was made the court may refuse to  
 11 enforce the agreement, or it may enforce the remainder of the  
 12 agreement without the unconscionable clause, or it may so limit the  
 13 application of any unconscionable clause as to avoid any  
 14 unconscionable result.

15 (b) If it is claimed or appears to the court that the agreement or  
 16 any clause thereof may be unconscionable the parties shall be  
 17 afforded a reasonable opportunity to present evidence as to its  
 18 setting, purpose, and effect to aid the court in making the  
 19 determination.

20 (c) For the purpose of this section, a charge or practice  
 21 expressly permitted by this article is not in itself unconscionable.

22 Sec. 8. For purposes of the provisions on civil liability for  
 23 violation of disclosure provisions set forth in section 10 of this  
 24 chapter and on a debtor's right to rescind certain transactions set  
 25 forth in section 11 of this chapter a:

26 (1) consumer credit sale includes a sale that is a first lien  
 27 mortgage transaction if the sale is otherwise a consumer  
 28 credit sale; and

29 (2) consumer loan includes a loan that is a first lien mortgage  
 30 transaction if the loan is otherwise a consumer loan.

31 Sec. 9. (a) If a creditor has violated the provision of this article  
 32 applying to limitations on the schedule of payments or loan term  
 33 for supervised loans (IC 37-2-4-38), the debtor is not obligated to  
 34 pay the loan finance charge, and has a right to recover from the  
 35 person violating this article or from an assignee of that person's  
 36 rights who undertakes direct collection of payments or  
 37 enforcement of rights arising from the debt a penalty in an amount  
 38 determined by the court not in excess of three times the amount of  
 39 the loan finance charge. No action pursuant to this subsection may  
 40 be brought more than one (1) year after the due date of the last  
 41 scheduled payment of the agreement with respect to which the  
 42 violation occurred.



1 (b) If a creditor has violated the provisions of this article  
2 applying to authority to make consumer loans (IC 37-2-4-23), the  
3 loan is void and the debtor is not obligated to pay either the  
4 principal or loan finance charge. If the debtor has paid any part of  
5 the principal or of the loan finance charge, the debtor has a right  
6 to recover the payment from the person violating this article or  
7 from an assignee of that person's rights who undertakes direct  
8 collection of payments or enforcement of rights arising from the  
9 debt. With respect to violations arising from loans made pursuant  
10 to revolving loan accounts, no action pursuant to this subsection  
11 may be brought more than two (2) years after the violation  
12 occurred. With respect to violations arising from other loans, no  
13 action pursuant to this subsection may be brought more than one  
14 (1) year after the due date of the last scheduled payment of the  
15 agreement pursuant to which the charge was paid.

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

26 (d) If a debtor is entitled to a refund and a person liable to the  
27 debtor refuses to make a refund within a reasonable time after  
28 demand, the debtor may recover from that person a penalty in an  
29 amount determined by a court not exceeding the greater of either  
30 the amount of the credit service or loan finance charge or ten (10)  
31 times the amount of the excess charge. If the creditor has made an  
32 excess charge in deliberate violation of or in reckless disregard for  
33 this article, the penalty may be recovered even though the creditor  
34 has refunded the excess charge. No penalty pursuant to this  
35 subsection may be recovered if a court has ordered a similar  
36 penalty assessed against the same person in a civil action by the  
37 department (IC 37-2-7-14). With respect to excess charges arising  
38 from sales made pursuant to revolving charge accounts or from  
39 loans made pursuant to revolving loan accounts, no action  
40 pursuant to this subsection may be brought more than two (2)  
41 years after the time the excess charge was made. With respect to  
42 excess charges arising from other consumer credit sales or



1 consumer loans, no action pursuant to this subsection may be  
 2 brought more than one (1) year after the due date of the last  
 3 scheduled payment of the agreement pursuant to which the charge  
 4 was made.

5 (e) Except as otherwise provided, no violation of this article  
 6 impairs rights on a debt.

7 (f) If an employer discharges an employee in violation of the  
 8 provisions prohibiting discharge (section 5 of this chapter), the  
 9 employee may within six (6) months bring a civil action for  
 10 recovery of wages lost as a result of the violation and for an order  
 11 requiring the reinstatement of the employee. Damages recoverable  
 12 shall not exceed lost wages for six (6) weeks.

13 (g) If the creditor establishes by a preponderance of evidence  
 14 that a violation is unintentional or the result of a bona fide error,  
 15 no liability is imposed under subsections (a), (b), and (d) and the  
 16 validity of the transaction is not affected.

17 (h) In any case in which it is found that a creditor has violated  
 18 this article, the court may award reasonable attorney's fees  
 19 incurred by the debtor.

20 (i) The department may act on behalf of a debtor to enforce the  
 21 debtor's rights under this section against a creditor who is licensed  
 22 or registered with the department or is required to be licensed or  
 23 registered with the department.

24 Sec. 10. (a) Except as otherwise provided in this section, a  
 25 creditor who, in violation of the provisions on disclosure in  
 26 IC 37-2-3-13 and IC 37-2-4-14, fails to disclose information to a  
 27 person entitled to the information under this article is liable to that  
 28 person in an amount equal to the sum of:

29 (1) the following:

30 (A) In the case of an individual action, twice the amount of  
 31 the credit service or loan finance charge in connection with  
 32 the transaction, but the liability pursuant to this  
 33 subdivision shall be not less than one hundred dollars  
 34 (\$100) nor more than one thousand dollars (\$1,000).

35 (B) In the case of a class action, an amount the court  
 36 allows, except that as to each member of the class no  
 37 minimum recovery is applicable, and the total recovery  
 38 under this subdivision in any class action or series of class  
 39 actions arising out of the same failure to comply by the  
 40 same creditor may not be more than the lesser of:

41 (i) five hundred thousand dollars (\$500,000); or

42 (ii) one percent (1%) of the net worth of the creditor.



1 (2) In the case of a successful action to enforce the liability  
2 under subdivision (1), the costs of the action together with  
3 reasonable attorney's fees as determined by the court. In  
4 determining the amount of the award in a class action, the  
5 court shall consider, among other relevant factors, the  
6 amount of any award granted under the Consumer Credit  
7 Protection Act (15 U.S.C. 1601 et seq.), the frequency and  
8 persistence of failures of compliance by the creditor, the  
9 resources of the creditor, the number of persons adversely  
10 affected, and the extent to which the creditor's failure of  
11 compliance was intentional.

12 (b) A creditor has no liability under this section if within sixty  
13 (60) days after discovering an error, and prior to the institution of  
14 an action under this section or the receipt of written notice of the  
15 error, the creditor notifies the person concerned of the error and  
16 makes whatever adjustments in the appropriate account are  
17 necessary to assure that the person will not be required to pay a  
18 credit service charge or loan finance charge in excess of the  
19 amount or percentage rate actually disclosed.

20 (c) A creditor may not be held liable in any action brought  
21 under this section for a violation of this article if the creditor shows  
22 by a preponderance of evidence that the violation was not  
23 intentional and resulted from a bona fide error notwithstanding  
24 the maintenance of procedures reasonably adapted to avoid the  
25 error.

26 (d) If there are multiple obligors in a consumer credit  
27 transaction or consumer lease, there may not be more than one (1)  
28 recovery of damages under subsection (a)(1) for one (1) violation  
29 of this article with respect to that consumer credit transaction or  
30 consumer lease.

31 (e) The multiple failure to disclose to any person any  
32 information required under this article to be disclosed in  
33 connection with a single account under an open end consumer  
34 credit plan, a single consumer credit sale, a consumer loan, a  
35 consumer lease, or another extension of consumer credit entitles  
36 that person to a single recovery under this section. However,  
37 continued failure to disclose after a recovery has been granted  
38 gives rise to rights to additional recoveries.

39 (f) Any action which may be brought under this section against  
40 the original creditor in any credit transaction involving a security  
41 interest in land may be maintained against any subsequent assignee  
42 of the original creditor where the assignee, its subsidiaries, or



1 affiliates were in a continuing business relationship with the  
 2 original creditor either at the time the credit was extended or at the  
 3 time of the assignment, unless the assignment was involuntary, or  
 4 the assignee shows by a preponderance of evidence that it did not  
 5 have reasonable grounds to believe that the original creditor was  
 6 engaged in violations of this article, and that it maintained  
 7 procedures reasonably adapted to apprise it of the existence of the  
 8 violations.

9 (g) No action pursuant to this section may be brought more than  
 10 one (1) year after the date of the occurrence of the violations.

11 (h) In this section, creditor includes a person who in the  
 12 ordinary course of business regularly extends or arranges for the  
 13 extension of credit, or offers to arrange for the extension of credit.

14 Sec. 11. (a) A violation by a creditor of Section 125 of the  
 15 Consumer Credit Protection Act concerning the debtor's right to  
 16 rescind a transaction that is a consumer credit sale or a consumer  
 17 loan constitutes a violation of this article. A creditor may not  
 18 accrue interest during the period when a consumer loan may be  
 19 rescinded under Section 125 of the Consumer Credit Protection  
 20 Act (15 U.S.C. 1635).

21 (b) A creditor must make available for disbursement the  
 22 proceeds of a transaction subject to subsection (a) on the later of:

23 (1) the date the creditor is reasonably satisfied that the  
 24 consumer has not rescinded the transaction; or

25 (2) the first business day after the expiration of the rescission  
 26 period under subsection (a).

27 Sec. 12. Refunds or penalties to which the debtor is entitled  
 28 pursuant to sections 8 through 11 of this chapter may be set off  
 29 against the debtor's obligation, and may be raised as a defense to  
 30 a suit on the obligation without regard to the time limitations  
 31 prescribed by sections 8 through 11 of this chapter.

32 Sec. 13. (a) A lender who knowingly makes charges in excess of  
 33 those permitted by the provisions of this article commits a Class A  
 34 misdemeanor.

35 (b) A person who knowingly engages in the business of making  
 36 consumer loans without a license in violation of the provisions of  
 37 this article applying to authority to make consumer loans  
 38 (IC 37-2-4-23 and IC 37-2-4-24) commits a Class A misdemeanor.

39 (c) A person who knowingly:

40 (1) engages in the business of making consumer credit sales,  
 41 consumer leases, or consumer loans, or of taking assignments  
 42 of rights against debtors; and



(2) undertakes direct collection of payments or enforcement of these rights, without complying with the provisions of this article concerning notification (IC 37-2-7-25) or payment of fees (IC 37-2-7-26);

commits a Class A infraction.

**Sec. 14.** A person commits a Class A misdemeanor if the person knowingly gives false or inaccurate information or fails to provide information which the person is required to disclose under the provisions of IC 37-2-3-13 or IC 37-2-4-14.

#### **Chapter 7. Administration**

**Sec. 1. (a)** Sections 1 through 16 of this chapter apply to persons who:

(1) make or solicit consumer credit sales, consumer leases, consumer loans, consumer related sales (as described in IC 37-2-2-13.5), and consumer related loans (as described in IC 37-2-2-13.3); or

(2) directly collect payments from or enforce rights against debtors arising from sales, leases, or loans specified in subsection (a), wherever they are made.

**(b)** For purposes of sections 1 through 16 of this chapter:

(1) "consumer credit sale" includes a sale that is a first lien mortgage transaction if the sale is otherwise a consumer credit sale; and

(2) "consumer loan" includes a loan that is a first lien mortgage transaction if the loan is otherwise a consumer loan.

**Sec. 2.** The division of consumer credit shall have charge of the administration of this article.

**Sec. 3. (a)** In addition to other powers granted by this article, the department within the limitations provided by law may:

(1) receive and act on complaints, take action designed to obtain voluntary compliance with this article, or commence proceedings on the department's own initiative;

(2) counsel persons and groups on their rights and duties under this article;

(3) establish programs for the education of consumers with respect to credit practices and problems;

(4) make studies appropriate to effectuate the purposes and policies of this article and make the results available to the public;

(5) adopt, amend, and repeal rules, orders, policies, and forms to carry out the provisions of this article;

(6) maintain more than one (1) office within Indiana; and



(7) appoint any necessary attorneys, hearing examiners, clerks, and other employees and agents and fix their compensation, and authorize attorneys appointed under this section to appear for and represent the department in court.

(b) No liability is imposed under this article for an act done or omitted in conformity with a rule, written notice, written opinion, written interpretation, or written directive of the department notwithstanding that after the act or omission the rule, written notice, written opinion, written interpretation, or written directive may be amended or repealed, or be determined by judicial or other authority to be invalid for any reason.

Sec. 4. (a) With respect to depository institutions, the powers of examination and investigation (section 5 of this chapter) and administrative enforcement (section 9 of this chapter) shall be exercised by the department. The department may, at its discretion, accept any examination of any financial institution made by a federal authority in lieu of the examination made under the provisions of this article. All other powers of the department under this article may be exercised by the director with respect to a depository institution.

(b) If the department receives a complaint or other information concerning noncompliance with this article by a depository institution, the director shall inform the official or agency having supervisory authority over the organization concerned. The department may request information about depository institutions from the officials or agencies supervising them.

(c) The department and any official or agency of this state having supervisory authority over a depository institution are authorized and directed to consult and assist one another in maintaining compliance with this article. They may jointly pursue investigations, prosecute suits, and take other official action, as they deem appropriate, if either of them otherwise is empowered to take the action.

Sec. 5. (a) In administering this article and in order to determine whether the provisions of this article are being complied with by persons engaging in acts subject to this article, the department may examine the records of persons and may make investigations of persons as may be necessary to determine compliance. Records subject to examination under this section include the following:

(1) Training, operating, and policy manuals.

(2) Minutes of:

(A) management meetings; and





1 (B) other meetings.

2 (3) Other records that the department determines are  
3 necessary to perform its investigation or examination.

4 The department may also administer oaths or affirmations,  
5 subpoena witnesses, and compel the attendance of witnesses,  
6 including directors, executive officers, managers, principals,  
7 mortgage loan originators, employees, independent contractors,  
8 agents, and customers of the licensee, individual, or person subject  
9 to this article. The department may also adduce evidence, and  
10 require the production of any matter which is relevant to the  
11 investigation. The department shall determine the sufficiency of the  
12 records maintained and whether the person has made the required  
13 information reasonably available. The records pertaining to any  
14 transaction subject to this article shall be retained for two (2) years  
15 after making the final entry relating to the consumer credit  
16 transaction, but in the case of a revolving loan account or revolving  
17 charge account, the two (2) years is measured from the date of each  
18 entry.

19 (b) The department's examination and investigatory authority  
20 under this article includes the following:

21 (1) The authority to require a creditor to refund overcharges  
22 resulting from the creditor's noncompliance with the terms of  
23 consumer credit sales, consumer leases, or consumer loans.

24 (2) The authority to require a creditor to comply with the  
25 prepayment penalty provisions set forth in IC 37-2-4-12.

26 (3) The authority to investigate complaints filed with the  
27 department by debtors.

28 (c) If the department:

29 (1) investigates; or

30 (2) examines the books and records of;

31 a person that is subject to sections 24 through 26 of this chapter,  
32 the person shall pay all reasonably incurred costs of the  
33 investigation or examination in accordance with the fee schedule  
34 adopted by the department under IC 28-11-3-5. However, the  
35 person is liable for the costs of an investigation or examination  
36 under this subsection only to the extent that the costs exceed the  
37 amount of the filing fees paid most recently under section 26 of this  
38 chapter. Any costs required to be paid under this section shall be  
39 paid not later than sixty (60) days after the person receives a notice  
40 from the department of the costs being assessed. The department  
41 may impose a fee, in an amount fixed by the department under  
42 IC 28-11-3-5, for each day that the assessed costs are not paid,



beginning on the first day after the sixty (60) day period described in this subsection.

(d) The department shall be given free access to the records wherever located. In making any examination or investigation authorized by this article, the director may control access to any documents and records of the licensee or person under examination or investigation. The director may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where the documents are usually kept. During the period of control, the licensee or person may not remove or attempt to remove any of the documents and records except under a court order or with the consent of the director. Unless the director has reasonable grounds to believe the documents or records of the licensee or person have been, or are, at risk of being altered or destroyed for purposes of concealing a violation of this article, the licensee or person being examined or investigated is entitled to access to the documents or records as necessary to conduct the licensee's or person's ordinary business affairs. If the person's records are located outside Indiana, the records shall be made available to the department at a convenient location within Indiana, or the person shall pay the reasonable and necessary expenses for the department or its representative to examine them where they are maintained. The department may designate comparable officials of the state in which the records are located to inspect them on behalf of the department.

(e) Upon a person's failure without lawful excuse to obey a subpoena or to give testimony and upon reasonable notice to all affected persons, the department may apply to any civil court with jurisdiction for an order compelling compliance.

(f) The department shall not make public the name or identity of a person whose acts or conduct the department investigates pursuant to this section or the facts disclosed in the investigation, but this subsection does not apply to disclosures in actions or enforcement proceedings pursuant to this article.

(g) To discover violations of this article or to secure information necessary for the enforcement of this article, the department may investigate any:

(1) licensee or registrant; or

(2) person that the department suspects to be operating:

(A) without a license or registration, when a license or registration is required under this article; or

(B) otherwise in violation of this article.



1 The department has all investigatory and enforcement authority  
 2 under this article that the department has under IC 28-11 with  
 3 respect to financial institutions. If the department conducts an  
 4 investigation under this section, the licensee, registrant, or other  
 5 person investigated shall pay all reasonably incurred costs of the  
 6 investigation in accordance with the fee schedule adopted under  
 7 IC 28-11-3-5. Any costs required to be paid under this section shall  
 8 be paid not later than sixty (60) days after the person receives a  
 9 notice from the department of the costs being assessed. The  
 10 department may impose a fee, in an amount fixed by the  
 11 department under IC 28-11-3-5, for each day that the assessed  
 12 costs are not paid, beginning on the first day after the sixty (60)  
 13 day period described in this subsection.

14 (h) If a creditor contracts with an outside vendor to provide a  
 15 service that would otherwise be undertaken internally by the  
 16 creditor and be subject to the department's routine examination  
 17 procedures, the person that provides the service to the creditor  
 18 shall, at the request of the director, submit to an examination by  
 19 the department. If the director determines that an examination  
 20 under this subsection is necessary or desirable, the examination  
 21 may be made at the expense of the person to be examined. If the  
 22 person to be examined under this subsection refuses to permit the  
 23 examination to be made, the director may order any creditor that  
 24 is licensed by the department and that receives services from the  
 25 person refusing the examination to:

- 26 (1) discontinue receiving one (1) or more services from the
- 27 person; or
- 28 (2) otherwise cease conducting business with the person.

29 Sec. 6. To carry out the purposes of this chapter, the director  
 30 may:

- 31 (1) retain attorneys, accountants, or other professionals and
- 32 specialists as examiners, auditors, or investigators to conduct
- 33 or assist in the conduct of examinations or investigations;
- 34 (2) enter into agreements or relationships with other
- 35 government officials or regulatory associations to improve
- 36 efficiencies and reduce regulatory burden by sharing:
  - 37 (A) resources;
  - 38 (B) standardized or uniform methods or procedures; and
  - 39 (C) documents, records, information, or evidence obtained
  - 40 under this section;
- 41 (3) use, hire, contract, or employ public or privately available
- 42 analytical systems, methods, or software to examine or



investigate a licensee, an individual, or a person subject to this article;

(4) accept and rely on examination or investigation reports made by other government officials, in or outside Indiana;

(5) accept audit reports made by an independent certified public accountant for the licensee, individual, or person subject to this article in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of the examination, report of investigation, or other writing of the director; and

(6) use, hire, contract, or employ public or privately available analytical systems, methods, software, or technology solutions to enable the department to capture and examine transaction level activity to:

(A) verify and oversee compliance with; and

(B) enforce;

all state law concerning a small loan regulated under IC 37-3.

Sec. 7. Except as otherwise provided, IC 4-21.5-3 governs all agency action taken by the department under this chapter or IC 37-2-4-22 through IC 37-2-4-39. All proceedings for administrative review under IC 4-21.5-3 or judicial review under IC 4-21.5-5 shall be held in Marion County. The provisions of IC 4-22-2 prescribing procedures for the adoption of rules by agencies apply to the adoption of rules by the department of financial institutions under this article.

Sec. 8. It is a violation of this article for a person or individual subject to this article to:

(1) directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;

(2) engage in any unfair or deceptive practice toward any person;

(3) obtain property by fraud or misrepresentation;

(4) solicit or enter into a contract with a borrower that provides in substance that the person or individual subject to this article may earn a fee or commission through "best efforts" to obtain a loan even though no loan is actually obtained for the borrower;

(5) solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting,



1 advertising, or contracting;

2 (6) conduct any business covered by this article without  
3 holding a valid license as required under this article, or assist  
4 or aid and abet any person in the conduct of business under  
5 this article without a valid license as required under this  
6 article;

7 (7) fail to make disclosures as required by this article and any  
8 other applicable state or federal law, including regulations  
9 under that law;

10 (8) fail to comply with this article or rules adopted under this  
11 article, or fail to comply with any other state or federal law,  
12 rule, or regulation, applicable to any business authorized or  
13 conducted under this article;

14 (9) make, in any manner, any false or deceptive statement or  
15 representation, including, with regard to the rates, points, or  
16 other financing terms or conditions for a mortgage  
17 transaction, or engage in bait and switch advertising;

18 (10) negligently make any false statement or knowingly and  
19 willfully make any omission of material fact in connection  
20 with any information or reports filed with a governmental  
21 agency or the NMLSR or in connection with any investigation  
22 conducted by the director or another governmental agency;

23 (11) make any payment, threat, or promise, directly or  
24 indirectly, to any person for the purposes of influencing the  
25 independent judgment of the person in connection with a  
26 mortgage transaction, or make any payment, threat, or  
27 promise, directly or indirectly, to any appraiser of a property,  
28 for the purposes of influencing the independent judgment of  
29 the appraiser with respect to the value of the property;

30 (12) collect, charge, attempt to collect or charge, or use or  
31 propose any agreement purporting to collect or charge any  
32 fee prohibited by this article;

33 (13) cause or require a borrower to obtain property insurance  
34 coverage in an amount that exceeds the replacement cost of  
35 the improvements as established by the property insurer;

36 (14) fail to account truthfully for money belonging to a party  
37 to a mortgage transaction; or

38 (15) knowingly withhold, abstract, remove, mutilate, destroy,  
39 or secrete any books, records, computer records, or other  
40 information subject to examination under this article.

41 Sec. 9. (a) After notice and an opportunity to be heard, the  
42 department may order a creditor, or a person acting on behalf of



1 the creditor, to cease and desist from engaging in violations of this  
2 article. A respondent aggrieved by an order of the department may  
3 obtain judicial review of the order and the department may obtain  
4 an order of the court for enforcement of its order in any civil court.  
5 The proceeding for review or enforcement is initiated by filing a  
6 petition in the court. Copies of the petition shall be served upon all  
7 parties of record.

8 (b) Within thirty (30) days after service of the petition for  
9 review upon the department, or within any further time the court  
10 may allow, the department shall transmit to the court the original  
11 or a certified copy of the entire record upon which the order is  
12 based, including any transcript of testimony, which need not be  
13 printed. By stipulation of all parties to the review proceeding, the  
14 record may be shortened. After hearing the court may:

15 (1) reverse or modify the order if the findings of fact of the  
16 department are clearly erroneous in view of the reliable,  
17 probative, and substantial evidence on the whole record;

18 (2) grant any temporary relief or restraining order it deems  
19 just; and

20 (3) enter an order enforcing, modifying, and enforcing as  
21 modified, or setting aside in whole or in part the order of the  
22 department, or remanding the case to the department for  
23 further proceedings.

24 (c) An objection not urged at the hearing shall not be considered  
25 by the court unless the failure to urge the objection is excused for  
26 good cause shown. A party may move the court to remand the case  
27 to the department in the interest of justice for the purpose of  
28 adducing additional specified and material evidence and seeking  
29 finding thereon upon good cause shown for the failure to adduce  
30 this evidence before the department.

31 (d) The jurisdiction of the court shall be exclusive and its final  
32 judgment or decree shall be subject to review by the court on  
33 appeal in the same manner and form and with the same effect as in  
34 appeals from a final judgment or decree. The department's copy of  
35 the testimony shall be available at reasonable times to all parties  
36 for examination without cost.

37 (e) A proceeding for review under this section must be initiated  
38 within thirty (30) days after a copy of the order of the department  
39 is received. If no proceeding is so initiated, the department may  
40 obtain a decree of the civil court for enforcement of its order upon  
41 a showing that an order was issued in compliance with this section,  
42 that no proceeding for review was initiated within thirty (30) days



1 after copy of the order was received, and that the respondent is  
2 subject to the jurisdiction of the court.

3 (f) With respect to unconscionable agreements or fraudulent or  
4 unconscionable conduct by the respondent, the department may  
5 not issue an order pursuant to this section but may bring a civil  
6 action for an injunction under section 12 of this chapter.

7 Sec. 10. If it is claimed that a person has engaged in conduct  
8 subject to an order by the department under section 9 of this  
9 chapter or by a court under sections 11 through 13 of this chapter,  
10 the department may accept an assurance in writing that the person  
11 will not engage in the conduct in the future. If a person giving an  
12 assurance of discontinuance fails to comply with its terms, the  
13 assurance is evidence that prior to the assurance the person  
14 engaged in the conduct described in the assurance.

15 Sec. 11. The department may bring a civil action to restrain a  
16 person from violating this article or another state or federal law or  
17 regulation, and for other appropriate relief.

18 Sec. 12. (a) The department may bring a civil action to restrain  
19 a creditor or a person acting in behalf of a creditor from engaging  
20 in a course of:

- 21 (1) making or enforcing unconscionable terms or provisions
- 22 of consumer credit sales, consumer leases, or consumer loans;
- 23 (2) fraudulent or unconscionable conduct in inducing debtors
- 24 to enter into consumer credit sales, consumer leases, or
- 25 consumer loans; or
- 26 (3) fraudulent or unconscionable conduct in the collection of
- 27 debts arising from consumer credit sales, consumer leases, or
- 28 consumer loans.

29 (b) In an action brought pursuant to this section the court may  
30 grant relief only if it finds:

- 31 (1) that the respondent has made unconscionable agreements
- 32 or has engaged or is likely to engage in a course of fraudulent
- 33 or unconscionable conduct;
- 34 (2) that the agreements or conduct of the respondent has
- 35 caused or is likely to cause injury to consumers; and
- 36 (3) that the respondent has been able to cause or will be able
- 37 to cause the injury primarily because the transactions
- 38 involved are credit transactions.

39 (c) In applying this section, consideration shall be given to each  
40 of the following factors, among others:

- 41 (1) belief by the creditor at the time consumer credit sales,
- 42 consumer leases, or consumer loans are made that there was



no reasonable probability of payment in full of the obligation by the debtor;

(2) in the case of consumer credit sales or consumer leases, knowledge by the seller or lessor at the time of the sale or lease of the inability of the buyer or lessee to receive substantial benefits from the property or services sold or leased;

(3) in the case of consumer credit sales or consumer leases, gross disparity between the price of the property or services sold or leased and the value of the property or services measured by the price at which similar property or services are readily obtainable in credit transactions by like buyers or lessees;

(4) the fact that the creditor contracted for or received separate charges for insurance with respect to consumer credit sales or consumer loans with the effect of making the sales or loans, considered as a whole, unconscionable; and

(5) the fact that the respondent has knowingly taken advantage of the inability of the debtor reasonably to protect the debtor's interests by reason of physical or mental infirmities, ignorance, illiteracy or inability to understand the language of the agreement, or similar factors.

(d) In an action brought pursuant to this section, a charge or practice expressly permitted by this article is not in itself unconscionable.

Sec. 13. With respect to an action brought to enjoin violations of this article under section 11 of this chapter or unconscionable agreements or fraudulent or unconscionable conduct under section 12 of this chapter, the department may apply to the court for appropriate temporary relief against a respondent, pending final determination of proceedings. If the court finds after a hearing held upon notice to the respondent that there is reasonable cause to believe that the respondent is engaging in or is likely to engage in conduct sought to be restrained, it may grant any temporary relief or restraining order it deems appropriate.

Sec. 14. (a) After demand, the department may bring a civil action against a creditor for making or collecting charges in excess of those permitted by this article. An action may relate to transactions with more than one debtor. If it is found that an excess charge has been made, the court shall order the respondent to refund to the debtor or debtors the amount of the excess charge. If a creditor has made an excess charge in deliberate violation of or





1 in reckless disregard for this article, or if a creditor has refused to  
2 refund an excess charge within a reasonable time after demand by  
3 the debtor or the department, the court may also order the  
4 respondent to pay to the debtor or debtors a civil penalty in an  
5 amount determined by the court not in excess of the greater of  
6 either the amount of the credit service or loan finance charge or  
7 ten (10) times the amount of the charge. Refunds and penalties to  
8 which the debtor is entitled pursuant to this subsection may be set  
9 off against the debtor's obligation. If a debtor brings an action  
10 against a creditor to recover an excess charge or civil penalty, an  
11 action by the department to recover for the same excess charge or  
12 civil penalty shall be stayed while the debtor's action is pending  
13 and shall be dismissed if the debtor's action is dismissed with  
14 prejudice or results in a final judgment granting or denying the  
15 debtor's claim. With respect to excess charges arising from sales  
16 made pursuant to revolving charge accounts or from loans made  
17 pursuant to revolving loan accounts, no action pursuant to this  
18 subsection may be brought more than two (2) years after the time  
19 the excess charge was made. With respect to excess charges arising  
20 from other consumer credit sales or consumer loans, no action  
21 pursuant to this subsection may be brought more than one (1) year  
22 after the due date of the last scheduled payment of the agreement  
23 pursuant to which the charge was made. If the creditor establishes  
24 by a preponderance of evidence that a violation is unintentional or  
25 the result of a bona fide error, no liability to pay a penalty shall be  
26 imposed under this subsection.

27 (b) The department may bring a civil action against a creditor  
28 or a person acting in the creditor's behalf to recover a civil penalty  
29 for willfully violating this article, and if the court finds that the  
30 defendant has engaged in a course of repeated and willful  
31 violations of this article, it may assess a civil penalty of no more  
32 than five thousand dollars (\$5,000). No civil penalty pursuant to  
33 this subsection may be imposed for violations of this article  
34 occurring more than two (2) years before the action is brought or  
35 for making unconscionable agreements or engaging in a course of  
36 fraudulent or unconscionable conduct.

37 (c) If the department determines, after notice and opportunity  
38 for the person to be heard, that a person has violated this article,  
39 the department may, in addition to or instead of all other remedies  
40 available under this section, impose upon the person a civil penalty  
41 not greater than ten thousand dollars (\$10,000) per violation.

42 Sec. 15. The grant of powers to the department in this article



1 does not affect remedies available to debtors under this article or  
2 under other principles of law or equity.

3 Sec. 16. The department may bring actions or proceedings in a  
4 court in a county in which an act on which the action or proceeding  
5 is based occurred or in a county in which respondent resides or  
6 transacts business or in a county otherwise authorized by rule or  
7 venue laws.

8 Sec. 17. (a) Subject to subsection (b), if the director determines  
9 that a director, an officer, or a manager of a creditor:

10 (1) has committed a violation of a statute, a rule, a final cease  
11 and desist order, a condition imposed in writing by the  
12 director in connection with the grant of an application or  
13 other request by the creditor, or a written agreement between  
14 the creditor and the director or the department;

15 (2) has committed fraudulent or unconscionable conduct; or

16 (3) has been convicted of a felony under the laws of Indiana or  
17 any other jurisdiction;

18 the director may issue and serve upon the person a notice of  
19 charges and of the director's intent to issue an order removing the  
20 person from the person's office or employment, an order  
21 prohibiting participation by the person in the conduct of the affairs  
22 of any creditor, or an order both removing the person and  
23 prohibiting the person's participation.

24 (b) A violation, practice, or breach described in subsection (a)  
25 is subject to the authority of the director under subsections (a) and  
26 (c) if the director finds any of the following:

27 (1) The interests of the creditor's customers could be seriously  
28 prejudiced by reason of the violation, practice, or breach.

29 (2) The violation, practice, or breach involves an act of fraud,  
30 dishonesty, theft, breach of trust, money laundering, or  
31 wrongful taking of property on the part of the officer,  
32 director, or manager involved.

33 (3) The violation, practice, or breach demonstrates a willful  
34 or continuing disregard by the officer, director, or manager  
35 for state or federal law and regulations, and for the consumer  
36 protections contained in this article.

37 (c) Subject to subsections (a) and (b), a person who has been  
38 convicted of a felony under the laws of Indiana or any other  
39 jurisdiction may not serve as an officer, a director, or a manager  
40 of a creditor, or serve in any similar capacity, unless the person  
41 obtains the written consent of the director.

42 (d) A creditor that willfully permits a person to serve the



1 creditor in violation of subsection (c) is subject to a civil penalty of  
2 five hundred dollars (\$500) for each day the violation occurs.

3 (e) A creditor shall give the department written notice of the  
4 resignation, discharge, or termination of an employee, independent  
5 contractor, or agent against whom allegations were made that  
6 accused the employee, independent contractor, or agent of:

7 (1) violating this article or other laws, regulations, rules, or  
8 industry standards of conduct applicable to consumer credit  
9 transactions; or

10 (2) fraud, dishonesty, theft, breach of trust, money  
11 laundering, or the wrongful taking of property.

12 The creditor shall provide the department the notice required  
13 under this subsection not later than thirty (30) days after the  
14 effective date of the resignation, discharge, or termination.

15 Sec. 18. (a) A notice issued under section 17 of this chapter  
16 must:

17 (1) be in writing;

18 (2) contain a statement of:

19 (A) the facts constituting the alleged violation, practice, or  
20 breach;

21 (B) the facts alleged in support of the violation, practice, or  
22 breach; and

23 (C) the director's intention to issue an order under section  
24 20(a) of this chapter;

25 (3) be delivered to the board of directors of the creditor;

26 (4) be delivered to the officer, director, or manager to which  
27 the notice applies;

28 (5) specify the procedures that must be followed to initiate a  
29 hearing to contest the alleged violation, practice, or breach;  
30 and

31 (6) if the director suspends or prohibits the officer, director,  
32 or manager from participation in the affairs of the creditor as  
33 described under subsection (e), contain a statement of the  
34 suspension or prohibition.

35 (b) If a hearing is requested not later than ten (10) days after  
36 service of the notice described under subsection (a), the  
37 department shall hold a hearing concerning the alleged violation,  
38 practice, or breach. The hearing shall be held not later than  
39 forty-five (45) days after receipt of the request. The department,  
40 based on the evidence presented at the hearing, shall enter a final  
41 order in accordance with section 20 of this chapter.

42 (c) If no hearing is requested within the period of time specified



1 in subsection (b), the director may proceed to issue a final order  
2 under section 20 of this chapter on the basis of the facts set forth in  
3 the notice described under subsection (a).

4 (d) An officer, a director, or a manager of a creditor who is  
5 removed from a position under a removal order under section 20  
6 of this chapter that has become final may not, without the approval  
7 of the director, participate in the conduct of the affairs of a licensee  
8 described under IC 37-2-4.

9 (e) The director may, for the protection of the creditor or the  
10 interests of the creditor's customers, suspend from office or  
11 prohibit from participation in the affairs of the creditor an officer,  
12 a director, or a manager of a creditor who is the subject of a  
13 written notice served by the director under section 17(a) of this  
14 chapter. A suspension or prohibition under this subsection becomes  
15 effective upon service of the notice under section 17(a) of this  
16 chapter. Unless stayed by a court in a proceeding authorized by  
17 subsection (f), the suspension or prohibition remains in effect  
18 pending completion of the proceedings related to the notice served  
19 under section 17(a) of this chapter and until the effective date of an  
20 order entered by the department under subsection (b) or the  
21 director under subsection (c). If the director suspends or prohibits  
22 participation of an officer, a director, or a manager under this  
23 subsection, copies of the notice shall also be served upon the  
24 creditor or affiliate of which the person is an officer, a director, or  
25 a manager.

26 (f) Not more than fifteen (15) days after an officer, a director, or  
27 a manager has been suspended from office or prohibited from  
28 participation in the conduct of the affairs of the creditor or affiliate  
29 under subsection (e), the officer, director, or manager may apply  
30 to a court having jurisdiction for a stay of the suspension or  
31 prohibition pending completion of the proceedings related to the  
32 notice served under section 17(a) of this chapter. The court may  
33 stay a suspension or prohibition of the officer, director, or  
34 manager.

35 (g) The department shall maintain an official record of a  
36 proceeding under this chapter.

37 Sec. 19. If the director enters into a consent to a final order with  
38 a director, an officer, or a manager, the director is not required to  
39 issue and serve a notice of charges upon the director, officer, or  
40 manager under section 17 of this chapter. A consent agreement  
41 may be negotiated and entered into before or after the issuance of  
42 a notice of charges. The director shall provide a copy of the consent



1 order to the board of directors of the creditor.

2 Sec. 20. (a) Subject to section 18 of this chapter, if, after a  
3 hearing described in section 18(b) of this chapter, the department  
4 determines that a director, an officer, or a manager of a creditor  
5 has committed an act described in section 17 of this chapter, the  
6 department may issue a final order. If a hearing is not requested  
7 within the time specified in section 18(b) of this chapter, the  
8 director may issue a final order on the basis of the facts set forth  
9 in the written notice served under section 18(a) of this chapter.

10 (b) Unless the director has entered into a consent agreement  
11 described in section 19 of this chapter, a final order must include  
12 separately stated findings of fact and conclusions of law for all  
13 aspects of the order.

14 (c) In a final order under this section, the department or the  
15 director, as appropriate, may order one (1) or more of the  
16 following with respect to an officer, a director, or a manager of a  
17 creditor:

18 (1) The removal of the officer, director, or manager from the  
19 person's office, position, or employment.

20 (2) A prohibition against any participation by the officer,  
21 director, or manager in the conduct of the affairs of any  
22 creditor.

23 (3) If the subject of the order is an officer or a director of a  
24 creditor, and subject to section 22 of this chapter, the  
25 imposition of a civil penalty not to exceed fifteen thousand  
26 dollars (\$15,000) for each practice, violation, or act that:

27 (A) is described in section 17 of this chapter; and

28 (B) is found to exist by the department or the director.

29 (d) A final order shall be issued in writing not later than ninety  
30 (90) days after conclusion of a hearing held under section 18(b) of  
31 this chapter, unless this period is waived or extended with the  
32 written consent of all parties or for good cause shown.

33 (e) If the officer, director, or manager does not appear  
34 individually or by an authorized representative at a hearing held  
35 under section 18(b) of this chapter, the officer, director, or  
36 manager is considered to have consented to the issuance of a final  
37 order.

38 (f) The director may keep a final order confidential if the  
39 director determines that the immediate release of the order would  
40 endanger the stability of the creditor. However, after two (2) years  
41 following the date that an order is issued, a final order is no longer  
42 confidential.



(g) The remedies provided in this chapter are in addition to other remedies contained in this article.

Sec. 21. (a) A final order issued under section 20 of this chapter is effective the eleventh day after the date the order is served. However, a final order issued upon consent under section 19 of this chapter is effective at the time specified in the order.

(b) A final order remains effective and enforceable as provided in the order.

(c) The department or a reviewing court may stay, modify, or vacate a final order.

Sec. 22. (a) The director or the department, as appropriate, shall consider the following factors in determining the amount of a civil penalty that should be assessed against a director or an officer under section 20(c)(3) of this chapter:

- (1) The appropriateness of the civil penalty with respect to the financial resources and good faith of the individual charged.
- (2) The gravity of the practice, violation, or breach.
- (3) The history of previous practices, violations, or breaches.
- (4) The economic benefit derived by the individual from the practice, violation, or breach.
- (5) Other factors that justice requires.

(b) A creditor may not indemnify a director or an officer for a civil penalty imposed against the director or officer under this section.

(c) Civil penalties shall be deposited in the financial institutions fund established by IC 28-11-2-9.

Sec. 23. The director may enforce any of the following by applying for appropriate relief to a court having jurisdiction:

- (1) An order issued under section 19 or 20 of this chapter.
- (2) A written agreement entered into by the director or the department and a director, an officer, or a manager of a creditor.
- (3) Any condition imposed in writing by the director or the department on a director, an officer, or a manager of a creditor.

Sec. 24. (a) This section and sections 25 and 26 of this chapter apply to a person, including a depository institution, but not including a collection agency licensed under IC 25-11-1, engaged in Indiana in any of the following:

- (1) Making consumer credit sales, consumer leases, or consumer loans.
- (2) Taking assignments of rights against debtors that arise



from sales, leases, or loans by a person having an office or a place of business in Indiana.

(3) Undertaking direct collection of payments from the debtors or enforcement of rights against the debtors.

(4) Placing consumer credit insurance, receiving commissions for consumer credit insurance, or acting as a limited line credit insurance producer in the sale of consumer credit insurance.

(5) Selling insurance or other benefits, the charges for which are approved by the department as additional charges under IC 37-2-3-5 or IC 37-2-4-5.

(b) This section and sections 25 and 26 of this chapter are not applicable to a seller whose credit sales consist entirely of sales made pursuant to a seller credit card issued by a person other than the seller if the issuer of the card has complied with the provisions of this section and sections 25 and 26 of this chapter.

(c) This section and sections 25 and 26 of this chapter apply to a seller whose credit sales are made using credit cards that:

(1) are issued by a lender;

(2) are in the name of the seller; and

(3) can be used by the buyer or lessee only for purchases or leases at locations of the named seller.

Sec. 25. (a) Persons that are subject to this section and sections 24 and 26 of this chapter shall file notification with the department within thirty (30) days after commencing business in Indiana and thereafter on an annual basis, on the date set forth in subsection (b). The notification shall state the:

(1) name of the person;

(2) name in which business is transacted if different from subdivision (1);

(3) address of principal office, which may be outside Indiana; and

(4) address of all offices or retail stores, if any, in Indiana at which consumer credit sales, consumer leases, or consumer loans are made, or in the case of a person taking assignments of obligations, the offices or places of business within Indiana at which business is transacted.

(b) A person required to be licensed under this article shall file the notification required by subsection (a) not later than December 31 of each year. All other persons subject to this section shall file the notification required by subsection (a) not later than January 31 of each year.



1 (c) Persons subject to sections 24 and 26 of this chapter and this  
 2 section shall notify the department not later than thirty (30) days  
 3 after the person:

- 4 (1) has a change in name, address, or principals;  
 5 (2) opens a new branch, closes an existing branch, or relocates  
 6 an existing branch;  
 7 (3) files for bankruptcy or reorganization;  
 8 (4) is notified that the person is subject to revocation or  
 9 suspension proceedings by a state or governmental authority  
 10 with regard to the person's activities; or  
 11 (5) has been convicted of a felony involving fraud, deceit, or  
 12 misrepresentation under the laws of Indiana or any other  
 13 jurisdiction.

14 Sec. 26. (a) Persons required to file notification who are sellers,  
 15 lessors, or lenders shall pay a fee in an amount and at intervals to  
 16 be prescribed by the director under IC 28-11-3-5. The fee shall be  
 17 a set amount for each one hundred thousand dollars (\$100,000), or  
 18 part thereof, in excess of one hundred thousand dollars (\$100,000),  
 19 of the original unpaid balances arising from consumer credit sales,  
 20 consumer leases, and consumer loans made in Indiana and held  
 21 either by the seller, lessor, or lender for more than thirty (30) days  
 22 after the inception of the sale, lease, or loan giving rise to the  
 23 obligations, or by an assignee who has not filed notification. A  
 24 refinancing of a sale, lease, or loan resulting in an increase in the  
 25 amount of an obligation is a new sale, lease, or loan to the extent of  
 26 the increase. In prescribing the fee, the department shall consider  
 27 the costs and expense incurred or estimated to be incurred by the  
 28 department in the administration of this article, including, but not  
 29 limited to, the supervision, regulation, and examination of persons  
 30 subject to the provisions of the article.

31 (b) Persons required to file notification who are assignees shall  
 32 pay a fee as prescribed and fixed by the department under  
 33 subsection (a) on the unpaid balances at the time of the assignment  
 34 of obligations arising from consumer credit sales, consumer leases,  
 35 and consumer loans made in Indiana taken by assignment during  
 36 the preceding calendar year, but an assignee need not pay a fee  
 37 with respect to an obligation on which the assignor or other person  
 38 has already paid a fee.

39 (c) Persons required to file notification who are assignors shall  
 40 pay a fee as prescribed by the department under subsection (a) on  
 41 the unpaid balances at the time of the assignment of obligations  
 42 arising from consumer credit sales, consumer leases, and consumer





1 loans made in Indiana during the preceding calendar year unless  
2 the assignee has already paid the fees.

3 (d) Persons required to renew a license under IC 37-2-4-31 may  
4 deduct the fees paid under IC 37-2-4-26(h)(2) and  
5 IC 37-2-4-26(h)(3), as applicable, from fees paid under this section.

6 (e) A person that is required to file notification under section 25  
7 of this chapter shall pay a fee at the same rate as prescribed and  
8 fixed by the department under subsection (a) on the original  
9 unpaid balances of all closed end credit obligations originating  
10 from the person's place of business during the time preceding the  
11 notification as specified under subsection (a), unless the fees for the  
12 obligations have been paid by another person.

13 Sec. 27. IC 37-2-4-23 and sections 24 through 26 of this chapter  
14 are not applicable to services performed by attorneys.

### 15 ARTICLE 3. SMALL LOANS

#### 16 Chapter 1. General Provisions

17 Sec. 0.1. This article must be construed as a recodification of  
18 prior law. The enactment of this article by SEA 169-2026 does not  
19 affect the substantive operation and effect of the prior law.

20 Sec. 0.3. A contract entered into in accordance with IC 24-4.5-7  
21 (before its repeal) is considered a contract entered into in  
22 accordance with this article.

23 Sec. 0.5. Any document, website, or business communication  
24 created in accordance with IC 24-4.5-7 (before its repeal) is  
25 considered a document, website, or business communication  
26 created in accordance with this article.

27 Sec. 1. (a) Except as otherwise provided, all provisions of  
28 IC 37-2 applying to consumer loans, including IC 37-2-4-25, apply  
29 to small loans.

30 (b) Subject to section 4 of this chapter, a person may not  
31 regularly engage in Indiana in any of the following actions unless  
32 the department first issues to the person a license under this  
33 article:

34 (1) The making of small loans.

35 (2) Taking assignments of small loans.

36 (3) Undertaking the direct collection of payments from or the  
37 enforcement of rights against debtors arising from small  
38 loans.

39 (c) Subject to section 4 of this chapter, a person that seeks  
40 licensure under this article:

41 (1) shall apply to the department for a license in the form and  
42 manner prescribed by the department; and



(2) 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 37-2-4-23.

(d) 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:

(1) small loans under this chapter; and

(2) consumer loans (other than mortgage transactions) that are not small loans;

must obtain a separate license from the department for each type of loan, as described in IC 37-2-4-23(e).

Sec. 2. This article applies to:

(1) a lender;

(2) a bank, savings association, credit union, or other state or federally regulated financial institution except those that are specifically exempt regarding limitations on interest rates and fees; or

(3) a person, if the department determines that a transaction is:

(A) in substance a disguised loan; or

(B) the application of subterfuge for the purpose of avoiding this chapter.

Sec. 3. A loan that:

(1) does not qualify as a small loan under IC 37-3-2-10;

(2) is for a term shorter than that specified in IC 37-3-3-5(a); or

(3) is made in violation of section IC 37-3-3-2, IC 37-3-3-5, IC 37-3-3-6, IC 37-3-3-8, or IC 37-3-3-12;

is subject to this article. The department may conform the loan finance charge for a loan described in this section to the limitations set forth in IC 37-2-4-35(b).

Sec. 4. Notwithstanding IC 37-2-2, for purposes of section 1(b) of this chapter, a person "regularly engages" in any of the activities described in section 1(b) of this chapter with respect to a small loan if the person:

(1) performed any of the activities described in section 1(b) of this chapter with respect to a small loan at least one (1) time in the preceding calendar year; or

(2) performs or will perform any of the activities described in section 1(b) of this chapter with respect to a small loan at least one (1) time in the current calendar year if the person did not perform any of the activities described in section 1(b) of this



chapter with respect to a small loan at least one (1) time in the preceding calendar year.

## **Chapter 2. Definitions**

**Sec. 1.** Except as otherwise provided, the definitions set forth in IC 37-2-2 apply throughout this article.

**Sec. 2.** The definitions set forth in this chapter apply throughout this article.

**Sec. 3.** "Check" has the meaning set forth in IC 26-1-3.1-104.

**Sec. 4.** "Consecutive small loan" means a new small loan agreement that the lender enters with the same borrower not later than seven (7) calendar days after a previous small loan made to that borrower is paid in full.

**Sec. 5.** "Lender" means a person that acquires and retains a license issued by the department of financial institutions under this chapter to engage in small loans.

**Sec. 6.** "Monthly gross income" means the income received by the borrower in the thirty (30) day period preceding the borrower's application for a small loan under this chapter and exclusive of any income other than regular gross pay received, or as otherwise determined by the department.

**Sec. 7.** "Paid in full" means the termination of a small loan through:

- (1) the presentment of the borrower's check for payment by the drawee bank or the exercise by the lender of an authorization to debit an account of the borrower; or
- (2) the return of a check to a borrower who redeems it for consideration.

**Sec. 8.** "Principal" means the total of:

- (1) the net amount paid to, receivable by, or paid or payable from the account of the borrower; and
- (2) to the extent that the payment is deferred, the additional charges permitted by this chapter that are not included in subdivision (1).

**Sec. 9.** "Renewal" refers to a small loan that takes the place of an existing small loan by:

- (1) renewing;
- (2) repaying;
- (3) refinancing; or
- (4) consolidating;

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

**Sec. 10. (a)** "Small loan" means a loan:



(1) with a principal loan amount that is at least fifty dollars (\$50) and not more than five hundred fifty dollars (\$550); and  
 (2) in which the lender holds the borrower's check for a specific period, or receives the borrower's written authorization to debit the borrower's account (other than as a result of default) under an agreement, either express or implied, for a specific period, before the lender:

(A) offers the check for deposit or presentment; or

(B) exercises the authorization to debit the borrower's account.

(b) The amount of five hundred fifty dollars (\$550) in subsection (a)(1) is subject to change under the provisions on adjustment of dollar amounts set forth in IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the Reference Base Index to be used under this subsection is the Index for October 2006.

### Chapter 3. Regulation of Small Loans

Sec. 1. A lender is not considered a financial institution, except for purposes of IC 28-1.

Sec. 2. (a) Finance charges on the first two hundred fifty dollars (\$250) of a small loan are limited to fifteen percent (15%) of the principal.

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

(c) Finance charges on the amount of the small loan greater than four hundred dollars (\$400) and less than or equal to five hundred fifty dollars (\$550) are limited to ten percent (10%) of the amount over four hundred dollars (\$400) and less than or equal to five hundred fifty dollars (\$550).

(d) The amount of five hundred fifty dollars (\$550) in subsection (c) is subject to change under the provisions on adjustment of dollar amounts set forth in IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the Reference Base Index to be used under this subsection is the Index for October 2006.

Sec. 3. (a) Notwithstanding any other law, the only fee that may be contracted for and received by the lender or an assignee on a small loan is a charge, not to exceed twenty-five dollars (\$25), for each:

(1) return by a bank or other depository institution of a dishonored:



- 1 (A) check;
- 2 (B) electronic funds transfer;
- 3 (C) negotiable order of withdrawal; or
- 4 (D) share draft;
- 5 issued by the borrower; or
- 6 (2) time an authorization to debit the borrower's account is
- 7 dishonored.
- 8 This additional charge may be assessed one (1) time regardless of
- 9 how many times a check or an authorization to debit the
- 10 borrower's account may be submitted by the lender and
- 11 dishonored.
- 12 (b) A lender may:
- 13 (1) present a borrower's check for payment; or
- 14 (2) exercise a borrower's authorization to debit the
- 15 borrower's account;
- 16 not more than three (3) times.
- 17 Sec. 4. (a) For purposes of this section, the lender shall disclose
- 18 to the borrower to whom credit is extended with respect to a small
- 19 loan the information required by the Consumer Credit Protection
- 20 Act (15 U.S.C. 1601 et seq.).
- 21 (b) In addition to the requirements of subsection (a), the lender
- 22 must conspicuously display in bold type a notice to the public both
- 23 in the lending area of each business location and in the loan
- 24 documents the following statement:
- 25 "WARNING: A small loan is not intended to meet long term
- 26 financial needs. A small loan should be used only to meet
- 27 short term cash needs. The cost of your small loan may be
- 28 higher than loans offered by other lending institutions. Small
- 29 loans are regulated by the State of Indiana Department of
- 30 Financial Institutions.
- 31 A borrower may rescind a small loan without cost by paying
- 32 the cash amount of the principal of the small loan to the
- 33 lender not later than the end of the business day immediately
- 34 following the day on which the borrower receives the loan
- 35 proceeds.".
- 36 (c) The statement required in subsection (b) must be in:
- 37 (1) 14 point bold face type in the loan documents; and
- 38 (2) not less than one (1) inch bold print in the lending area of
- 39 the business location.
- 40 (d) When a borrower enters into a small loan, the lender shall
- 41 provide the borrower with a pamphlet approved by the
- 42 department that describes:



1 (1) the availability of debt management and credit counseling  
2 services; and

3 (2) the borrower's rights and responsibilities in the  
4 transaction.

5 Sec. 5. (a) A small loan may not be made for a term of less than  
6 fourteen (14) days.

7 (b) If five (5) consecutive small loans have been made to a  
8 borrower after the borrower's initial small loan, another small  
9 loan may not be made to that borrower within seven (7) days after  
10 the fifth consecutive small loan is paid in full. After the borrower's  
11 fifth consecutive small loan, the balance must be paid in full.

12 (c) Subject to subsection (d), whenever a borrower has entered  
13 into an initial small loan followed by three (3) consecutive small  
14 loans, the lender shall offer the borrower the option to repay:

15 (1) the third consecutive small loan; and

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

18 under an extended payment plan. At the time of execution of a  
19 small loan described in subdivision (1) or (2), the lender shall  
20 disclose to the borrower the extended payment plan option by  
21 providing the borrower a written description of the extended  
22 payment plan option in a separate disclosure document approved  
23 by the director.

24 (d) A lender shall offer an extended payment plan under  
25 subsection (c) under the following terms and conditions:

26 (1) A borrower shall be permitted to request an extended  
27 payment plan at any time during the term of a third or  
28 subsequent consecutive small loan if:

29 (A) the borrower has not defaulted on the outstanding  
30 small loan; and

31 (B) the rescission period under section 6(f) of this chapter  
32 has expired.

33 (2) An extended payment plan must allow the outstanding  
34 small loan to be paid in at least four (4) equal installments  
35 over a period of not less than sixty (60) days.

36 (3) An agreement for an extended payment plan may not  
37 require a borrower to pay any amount before the original  
38 maturity date of the outstanding small loan.

39 (4) The lender may not assess any fee or charge on a borrower  
40 for entering into an extended payment plan.

41 (5) An agreement for an extended payment plan must be in  
42 writing and acknowledged by both the borrower and the



1 lender.

2 (6) A borrower may not enter into another small loan  
3 transaction while engaged in an extended payment plan.

4 (7) A lender shall not:

5 (A) compel, advise, solicit, or coerce a borrower to not  
6 exercise the borrower's right to request an extended  
7 payment plan;

8 (B) discourage a borrower from exercising the borrower's  
9 right to request an extended payment plan; or

10 (C) take any other action to influence a borrower's right to  
11 request an extended payment plan.

12 (e) An agreement for an extended payment plan under  
13 subsection (c):

14 (1) shall be considered an extension of the outstanding small  
15 loan; and

16 (2) may not be considered a new loan.

17 Sec. 6. (a) A lender is prohibited from making a small loan to a  
18 borrower if the total of:

19 (1) the principal amount and finance charges of the small loan  
20 to be issued; plus

21 (2) any other small loan balances that the borrower has  
22 outstanding with any lender;

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

25 (b) A small loan may be secured by only one (1) check or  
26 authorization to debit the borrower's account per small loan. The  
27 check or electronic debit may not exceed the amount advanced to  
28 or on behalf of the borrower plus loan finance charges contracted  
29 for and permitted.

30 (c) A borrower may make partial payments in any amount on  
31 the small loan without charge at any time before the due date of the  
32 small loan.

33 (d) After any payment is made on a small loan, whether the  
34 payment is made in part or in full before, on, or after the due date  
35 of the small loan, the lender shall give a signed and dated receipt  
36 to the borrower making a payment showing the amount paid and  
37 the balance due on the small loan.

38 (e) The lender shall provide to each borrower a copy of the  
39 required loan documents before the disbursement of the loan  
40 proceeds.

41 (f) A borrower may rescind a small loan without cost by paying  
42 the cash amount of the principal of the small loan to the lender not



1 later than the end of the business day immediately following the  
2 day on which the borrower receives the proceeds.

3 (g) A lender shall not enter into a renewal with a borrower. If  
4 a loan is paid in full, a subsequent loan is not a renewal.

5 Sec. 7. A small loan may not be secured by personal property  
6 other than a check or electronic debit.

7 Sec. 8. (a) As used in this section, "commercially reasonable  
8 method of verification" means a private consumer credit reporting  
9 service that the department determines to be capable of providing  
10 a lender with adequate verification information necessary to  
11 ensure compliance with subsection (d).

12 (b) With respect to a small loan, no lender may permit a person  
13 to become obligated under more than one (1) loan agreement with  
14 the lender at any time.

15 (c) A lender shall not make a small loan that, when combined  
16 with the outstanding balance on another outstanding small loan  
17 owed to another lender, exceeds a total of five hundred fifty dollars  
18 (\$550), excluding finance charges. A lender shall not make a small  
19 loan to a borrower who has two (2) or more small loans  
20 outstanding, regardless of the total value of the small loans. The  
21 amount of five hundred fifty dollars (\$550) in this subsection is  
22 subject to change under the provisions on adjustment of dollar  
23 amounts (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a),  
24 the Reference Base Index to be used under this subsection is the  
25 Index for October 2006.

26 (d) A lender complies with subsection (c) if the lender  
27 independently verifies the total number of outstanding small loans  
28 and the total outstanding balance of those small loans for a  
29 customer through a commercially reasonable method of  
30 verification. A lender's method of verifying whether a borrower  
31 has any outstanding small loans and the total outstanding balance  
32 of any loans will be considered commercially reasonable if the  
33 method includes a manual investigation or an electronic query of:

34 (1) the lender's own records, including both records  
35 maintained at the location where the borrower is applying for  
36 the transaction and records maintained at other locations  
37 within the state that are owned and operated by the lender;  
38 and

39 (2) an available third party data base provided by a private  
40 consumer reporting service, subject to the identification  
41 verification requirements set forth in subsection (l).

42 (e) The department shall monitor the effectiveness of private





1 consumer credit reporting services in providing the verification  
 2 information required under subsection (d). If the department  
 3 determines that a commercially reasonable method of verification  
 4 is available, the department shall:

5 (1) provide reasonable notice to all lenders identifying the  
 6 commercially reasonable method of verification that is  
 7 available; and

8 (2) require each lender to use, consistent with the policies of  
 9 the department, the identified commercially reasonable  
 10 method of verification as a means of complying with  
 11 subsection (d).

12 (f) If a borrower presents evidence to a lender that a loan has  
 13 been discharged in bankruptcy, the lender shall cause the record  
 14 of the borrower's loan to be updated in the data base described in  
 15 subsection (d)(2) to reflect the bankruptcy discharge.

16 (g) A lender shall cause the record of a borrower's loan to be  
 17 updated in the data base described in subsection (d)(2) to reflect:

18 (1) presentment of the borrower's check for payment; or

19 (2) exercise of the borrower's authorization to debit the  
 20 borrower's account.

21 If a check is returned or an authorization is dishonored because of  
 22 insufficient funds in the borrower's account, the lender shall  
 23 reenter the record of the loan in the data base.

24 (h) A lender shall update information in a data base described  
 25 in subsection (d)(2) to reflect partial payments made on an  
 26 outstanding loan, the record of which is maintained in the data  
 27 base.

28 (i) If a lender ceases doing business in Indiana, the director may  
 29 require the operator of the data base described in subsection (d)(2)  
 30 to remove records of the lender's loans from the operator's data  
 31 base.

32 (j) The director may impose a civil penalty not to exceed one  
 33 hundred dollars (\$100) for each violation of:

34 (1) this section; or

35 (2) any rule or policy adopted by the director to implement  
 36 this section.

37 (k) The excess amount of loan finance charge provided for in  
 38 agreements in violation of this section is an excess charge for  
 39 purposes of the provisions concerning effect of violations on rights  
 40 of parties (IC 37-2-6-9) and the provisions concerning civil actions  
 41 by the department (IC 37-2-7-14).

42 (l) If a borrower provides the borrower's Social Security



number to a lender in connection with any transaction or proposed transaction under this chapter, the lender shall:

- (1) maintain procedures to verify that the Social Security number provided is legitimate and belongs to the borrower; and
- (2) retain copies of any documents used to verify the borrower's Social Security number. Documentation under this subdivision may be in electronic form and the numbers may be truncated.

If a borrower does not have a Social Security number, the lender may require and accept another valid form of government issued identification, subject to the requirements of subdivisions (1) and (2) with respect to the government issued identification accepted.

Sec. 9. (a) This section does not apply to a business that is licensed by the department for a purpose other than consumer loans.

(b) A licensee may carry on other business at a location where the licensee makes small loans unless the licensee carries on other business for the purpose of evasion or violation of this article.

Sec. 10. (a) An agreement with respect to a small loan may not provide for charges as a result of default by the borrower other than those specifically authorized by this chapter. A provision in a small loan agreement in violation of this section is unenforceable.

(b) A lender or an assignee of a small loan may seek only the following remedies upon default by a borrower:

- (1) Recovery of:
  - (A) the contracted principal amount of the loan; and
  - (B) the loan finance charge.
- (2) If contracted for under section 3 of this chapter, collection of a fee for:
  - (A) a returned check, negotiable order of withdrawal, or share draft; or
  - (B) a dishonored authorization to debit the borrower's account; because of insufficient funds in the borrower's account.
- (3) Collection of postjudgment interest, if awarded by a court.
- (4) Collection of court costs, if awarded by a court.

(c) A lender or an assignee of a small loan may not seek any of the following damages or remedies upon default by a borrower:

- (1) Payment of the lender's attorney's fees.
- (2) Treble damages.
- (3) Prejudgment interest.



(4) Damages allowed for dishonored checks under any statute other than this chapter.

(5) Any damages or remedies not set forth in subsection (b).

(d) A contractual agreement in a small loan transaction must include a notice of the following in 14 point bold type:

(1) The remedies available to a lender or an assignee under subsection (b).

(2) The remedies and damages that a lender or an assignee is prohibited from seeking in a small loan transaction under subsection (c).

Sec. 11. (a) This section applies to licensees and unlicensed persons.

(b) A person who violates this chapter:

(1) is subject to the remedies provided in IC 37-2-6-9;

(2) commits a deceptive act under IC 24-5-0.5 and is subject to the penalties listed in IC 24-5-0.5;

(3) has no right to collect, receive, or retain any principal, interest, or other charges from a small loan; however, this subdivision does not apply if the violation is the result of an accident or bona fide error of computation; and

(4) is liable to the borrower for actual damages, statutory damages of two thousand dollars (\$2,000) per violation, costs, and attorney's fees; however, this subdivision does 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 IC 37-2 and this article.

(c) The department may sue:

(1) to enjoin any conduct that constitutes or will constitute a violation of this chapter; and

(2) for other equitable relief.

(d) 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 section or any other applicable law.

Sec. 12. A lender making small loans, or an assignee of a small loan, shall not commit nor cause to be committed any of the following acts:

(1) Threatening to use or using the criminal process in any state to collect on a small loan.

(2) Threatening to take action against a borrower that is prohibited by this chapter.



1 (3) Making a misleading or deceptive statement regarding a  
2 small loan or a consequence of taking a small loan.

3 (4) Contracting for or collecting attorney's fees on small loans  
4 made under this chapter.

5 (5) Altering the date or any other information on a check or  
6 an authorization to debit the borrower's account held as  
7 security.

8 (6) Using a device or agreement that the department  
9 determines would have the effect of charging or collecting  
10 more fees, charges, or interest than allowed by this chapter,  
11 including, but not limited to:

12 (A) entering a different type of transaction with the  
13 borrower;

14 (B) entering into a sales/leaseback arrangement;

15 (C) catalog sales;

16 (D) entering into transactions in which a customer receives  
17 a purported cash rebate that is advanced by someone  
18 offering Internet content services, or some other product  
19 or service, when the cash rebate does not represent a  
20 discount or an adjustment of the purchase price for the  
21 product or service; or

22 (E) entering any other transaction with the borrower that  
23 is designed to evade the applicability of this chapter.

24 (7) Engaging in unfair, deceptive, or fraudulent practices in  
25 the making or collecting of a small loan.

26 (8) Charging to cash a check representing the proceeds of a  
27 small loan.

28 (9) Except as otherwise provided in this chapter:

29 (A) accepting the proceeds of a new small loan as payment  
30 of an existing small loan provided by the same lender; or

31 (B) renewing, refinancing, or consolidating a small loan  
32 with the proceeds of another small loan made by the same  
33 lender.

34 (10) Including any of the following provisions in a loan  
35 document:

36 (A) A hold harmless clause.

37 (B) A confession of judgment clause.

38 (C) A mandatory arbitration clause, unless the terms and  
39 conditions of the arbitration have been approved by the  
40 director of the department.

41 (D) An assignment of or order for payment of wages or  
42 other compensation for services.



(E) A provision in which the borrower agrees not to assert a claim or defense arising out of contract.

(F) A waiver of any provision of this chapter.

(11) Selling insurance of any kind in connection with the making or collecting of a small loan.

(12) Entering into a renewal with a borrower.

Sec. 13. Finance charges made in compliance with this chapter are exempt from IC 37-2-4-35 and IC 35-45-7.

Sec. 14. Upon the receipt of a check from a borrower for a small loan, unless the check is marked as void at the time of acceptance by the lender, the lender shall immediately stamp the back of the check with an endorsement that states:

"This check is being negotiated as part of a small loan under IC 37-3, and any holder of this check takes it subject to the claims and defenses of the maker."

Sec. 15. (a) A person engaged in making small loans under this chapter shall post a bond to the department in the amount of fifty thousand dollars (\$50,000) for each location where small loans will be made, up to a maximum bond in an amount determined by the director.

(b) A surety bond issued under this section must:

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

(2) be in a form prescribed by the director;

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

(4) subject to subsection (c), remain in effect during the two (2) years after the lender's license under this chapter is surrendered or terminated;

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

(A) the state; and

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

(6) 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

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



(c) The director may adopt rules or guidance documents with respect to the requirements for a surety bond as necessary to accomplish the purposes of this chapter. Upon written request from a lender, the director may, at the discretion of the director, waive or shorten the two (2) year period set forth in subsection (b)(4) during which a surety bond required by this section must remain in effect after the lender's license under this chapter is surrendered or terminated.

(d) If the principal amount of a surety bond required under this section is reduced by payment of a claim or judgment, the lender for whom 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 at least the amount of the bond before payment of the claim or judgment.

(e) 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 (a).

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

(g) 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.

(h) 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. 16. The department may adopt rules under IC 4-22-2 to implement this article.

#### **ARTICLE 4. MORTGAGE RESCUE PROTECTION FRAUD**

##### **Chapter 1. Application**

Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.

Sec. 0.3. A contract entered into in accordance with IC 24-5.5 (before its repeal) is considered a contract entered into in accordance with this article.

Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-5.5 (before its repeal) is considered a document, website, or business communication



created in accordance with this article.

**Sec. 1. This article does not apply to the following:**

(1) A person organized or chartered under the laws of this state, any other state, or the United States that relate to a bank, a trust company, a savings association, a savings bank, a credit union, or an industrial loan and investment company.

(2) The Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or a Federal Home Loan Bank.

(3) A department or agency of the United States or of Indiana.

(4) A person that is servicing or enforcing a loan that it owns.

(5) A person that is servicing a loan:

(A) for a person described in subdivisions (1) through (4); or

(B) insured by the Department of Housing and Urban Development or guaranteed by the Veterans Administration.

(6) An attorney licensed to practice law in Indiana who is representing a mortgagor.

## **Chapter 2. Definitions**

**Sec. 1. The definitions in this chapter apply throughout this article.**

**Sec. 2. "Foreclosure consultant" means a person who, directly or indirectly, makes a solicitation, a representation, or an offer to a homeowner to perform, with or without compensation, any service that the person represents will:**

(1) prevent or postpone the initiation of a foreclosure proceeding, or reverse the effect of a foreclosure proceeding;

(2) allow the homeowner to become a lessee or renter in the homeowner's residence during or after a foreclosure proceeding; or

(3) allow the homeowner to have an option to repurchase the homeowner's residence after a foreclosure proceeding.

**Sec. 3. "Foreclosure purchaser" means a person who purchases real property in a foreclosure proceeding.**

**Sec. 4. "Foreclosure reconveyance" means a transaction involving:**

(1) the transfer of interest in real property by a homeowner to a person during or incident to a proposed foreclosure proceeding, either by:

(A) transfer of interest from the homeowner to the person; or



(B) creation of a mortgage, trust, or other lien or encumbrance during the foreclosure process; that allows the person to obtain legal or equitable title to all or part of the real property; and  
 (2) the subsequent conveyance, or promise of subsequent conveyance, of interest back to the homeowner by the person or the person's agent that allows the homeowner to possess the real property following the completion of the foreclosure proceeding.

Sec. 5. "Formal settlement" means a face-to-face meeting with a homeowner to complete final documents incident to the:

- (1) sale or transfer of real property; or
- (2) creation of a mortgage or equitable interest in real property;

conducted by a person who is not employed by or an affiliate of the foreclosure purchaser.

Sec. 6. "Homeowner" means a person who holds record title to residential real property as of the date on which:

- (1) a contract with a foreclosure consultant; or
- (2) a foreclosure reconveyance agreement;

with respect to the residential real property is entered into.

### Chapter 3. Rescission of Contracts With Foreclosure Consultants and Foreclosure Reconveyance Agreements

Sec. 1. In addition to any other right under law to cancel or rescind a contract, a homeowner may rescind a:

- (1) contract with a foreclosure consultant at any time before midnight of the seventh business day after the date the contract is signed; and
- (2) foreclosure reconveyance agreement at any time before midnight of the seventh business day after the homeowner's transfer of the interest in the real property that is the subject of the agreement, as described in IC 37-4-2-4(1).

Sec. 2. A homeowner effectively rescinds a contract with a foreclosure consultant if the homeowner gives written notice of a rescission to the foreclosure consultant by one (1) of the following:

- (1) Mailing the rescission to the address specified in the contract.
- (2) Sending the rescission through any facsimile or electronic mail address identified in the contract or other material provided to the homeowner by the foreclosure consultant.

Sec. 3. (a) If a notice of rescission under this chapter is sent by mail, the rescission is effective three (3) days after the notice is





1 deposited in the United States mail, properly addressed, with  
2 postage prepaid.

3 (b) A homeowner is not required to give notice of rescission in  
4 the form required under the contract if the form under the  
5 contract is inconsistent with the requirements under this chapter.

6 Sec. 4. (a) If a homeowner rescinds a contract with a foreclosure  
7 consultant or a foreclosure reconveyance agreement, the  
8 homeowner shall, not later than thirty (30) days after the date of  
9 rescission, repay any amounts paid or advanced by:

10 (1) the foreclosure consultant or the foreclosure consultant's  
11 agent under the terms of the foreclosure consulting contract;  
12 or

13 (2) a person under a foreclosure reconveyance agreement.

14 (b) A rescission by a homeowner under this chapter is void if the  
15 payments required under this section are not made within the time  
16 set forth in subsection (a).

17 Sec. 5. If a homeowner rescinds a contract with a foreclosure  
18 consultant, not less than ten (10) days following the effective date  
19 of the rescission, the consultant shall return to the homeowner any  
20 payments made by the homeowner, less any amounts for actual  
21 services rendered.

#### 22 Chapter 4. Limitations on Foreclosure Consultants and 23 Foreclosure Reconveyances

24 Sec. 1. For purposes of this chapter, there is a rebuttable  
25 presumption that:

26 (1) a homeowner has a reasonable ability to pay for a  
27 subsequent reconveyance of real property if the homeowner's  
28 payments for primary housing expenses and regular principal  
29 and interest payments on other personal debt, on a monthly  
30 basis, do not exceed sixty percent (60%) of the homeowner's  
31 monthly gross income; and

32 (2) the foreclosure purchaser has not verified reasonable  
33 payment ability if the foreclosure purchaser has not obtained  
34 documents other than a statement by the homeowner of  
35 assets, liability, and income.

36 Sec. 2. In addition to any prohibitions that apply under  
37 IC 24-5-15-1 through IC 24-5-15-8, a foreclosure consultant may  
38 not:

39 (1) enter into or attempt to enter into a foreclosure consultant  
40 contract with a homeowner unless the foreclosure consultant  
41 first provides the homeowner written notice of the  
42 homeowner's rights under this article;



(2) demand or receive compensation until after the foreclosure consultant has fully performed all services the foreclosure consultant contracted to perform or represented that the foreclosure consultant would perform, unless the foreclosure consultant complies with the security requirements under IC 24-5-15-8;

(3) demand or receive a fee, interest, or any other compensation that exceeds eight percent (8%) per year of the amount of any loan that the foreclosure consultant makes to the homeowner;

(4) take a wage assignment, a lien of any type on real or personal property, or any other security to secure the payment of compensation;

(5) receive consideration from a third party in connection with foreclosure consulting services provided to a homeowner unless the consideration is first fully disclosed in writing to the homeowner;

(6) acquire any interest, directly or indirectly, in residential real property in foreclosure from a homeowner with whom the foreclosure consultant has contracted;

(7) except to inspect documents as provided by law, take any power of attorney from a homeowner for any purpose;

(8) execute any contract or agreement with a homeowner or receive money or other valuable consideration from a homeowner without providing the homeowner with the written statement required by IC 24-5-15-6; or

(9) fail to provide a homeowner with a written contract that includes the notice of cancellation required by IC 24-5-15-7.

**Sec. 3. A foreclosure purchaser may not enter into or attempt to enter into a foreclosure reconveyance agreement with a homeowner unless the:**

(1) foreclosure purchaser verifies and demonstrates that the homeowner has or will have a reasonable ability to:

(A) pay for the subsequent reconveyance of the property back to the homeowner on completion of the terms of the foreclosure conveyance; or

(B) if the foreclosure conveyance provides for a lease with an option to repurchase the real property, make the lease payment and repurchase the real property within the period of the option to repurchase;

(2) foreclosure purchaser provides the homeowner written notice of the homeowner's rights under this article;



1 (3) foreclosure purchaser and the homeowner complete a  
 2 formal settlement before any transfer of interest in the  
 3 affected property; and

4 (4) foreclosure purchaser complies with the security  
 5 requirements under IC 24-5-15-8.

6 **Sec. 4. A foreclosure purchaser shall:**

7 (1) ensure that title to real property has been reconveyed to  
 8 the homeowner in a timely manner if the terms of a  
 9 foreclosure reconveyance agreement require a reconveyance;  
 10 or

11 (2) if the real property subject to a foreclosure reconveyance  
 12 agreement is sold within eighteen (18) months after entering  
 13 into the foreclosure reconveyance agreement, make payment  
 14 to the homeowner not later than ninety (90) days after the  
 15 resale of the real property in an amount equal to at least  
 16 sixty-six percent (66%) of the net proceeds from the resale of  
 17 the property.

18 **Sec. 5. A foreclosure purchaser may not:**

19 (1) enter into repurchase or lease terms as part of the  
 20 foreclosure reconveyance that are unfair or commercially  
 21 unreasonable or engage in any other unfair conduct;

22 (2) represent, directly or indirectly, that the:

23 (A) foreclosure purchaser is acting:

24 (i) as an adviser or a consultant; or

25 (ii) in any other manner on behalf of the homeowner;

26 (B) foreclosure purchaser is assisting the homeowner to  
 27 save the residence; or

28 (C) foreclosure purchaser is assisting the homeowner in  
 29 preventing a foreclosure if the result of the transaction is  
 30 that the homeowner will not complete a redemption of the  
 31 property; or

32 (3) until the homeowner's right to rescind or cancel the  
 33 foreclosure reconveyance agreement has expired:

34 (A) record any document, including an instrument or  
 35 conveyance, signed by the homeowner; or

36 (B) transfer to a third party or encumber, or purport to  
 37 transfer to a third party or encumber, any interest in the  
 38 residential real property in foreclosure.

39 **Sec. 6. A foreclosure purchaser shall make a detailed accounting**  
 40 **of the basis for the amount of payment made to a homeowner of**  
 41 **real property resold within eighteen (18) months after entering into**  
 42 **a foreclosure reconveyance agreement on a form prescribed by the**



1 attorney general.

2 Sec. 7. A foreclosure consultant shall retain all records and  
3 documents, including the foreclosure consultant contract, related  
4 to services performed on behalf of a homeowner for at least three  
5 (3) years after the termination or conclusion of the foreclosure  
6 consultant contract entered into by the foreclosure consultant and  
7 the homeowner.

8 Sec. 8. A foreclosure consultant may not represent to a  
9 homeowner that the foreclosure consultant is endorsed, sponsored,  
10 or affiliated with any governmental or government sponsored  
11 agency or program.

12 Chapter 5. Enforcement

13 Sec. 1. A person who knowingly or intentionally violates this  
14 article commits:

- 15 (1) a Class A misdemeanor;
- 16 (2) a deceptive act that is actionable by the attorney general  
17 under IC 24-5-0.5-4 and is subject to the penalties and  
18 remedies available to the attorney general under IC 24-5-0.5;  
19 and
- 20 (3) a deceptive act that is actionable by the attorney general  
21 under IC 37-5-8-2 and is subject to the penalties and remedies  
22 available to the attorney general under IC 37-5.

23 Sec. 2. (a) A homeowner may bring an action against a person  
24 for damages incurred as a result of a violation of this article.

25 (b) A homeowner who:

- 26 (1) brings an action under this section; and
- 27 (2) is awarded damages;

28 may seek reasonable attorney's fees.

29 Sec. 3. (a) A court may award attorney's fees under section 2(b)  
30 of this chapter.

31 (b) If the court finds that a person willfully or knowingly  
32 violated this article, the court may award damages equal to three  
33 (3) times the amount of actual damages.

34 Sec. 4. (a) The Indiana housing and community development  
35 authority shall maintain a list of nonprofit organizations that:

- 36 (1) offer counseling or advice to homeowners in foreclosure or  
37 loan defaults; and
- 38 (2) do not contract for services with for-profit lenders or  
39 foreclosure purchasers.

40 (b) The Indiana housing and community development authority  
41 shall provide names and telephone numbers of the organizations  
42 described in subsection (a) to a homeowner upon request.



1       **Sec. 5.** The attorney general may adopt rules under IC 4-22-2  
2 necessary to implement this article.

3       **Sec. 6.** Except as provided in IC 24-5-15-7(d), this article may  
4 not be construed to preempt the provisions of IC 24-5-15-1 through  
5 IC 24-5-15-11.

6       **ARTICLE 5. HOME LOAN PRACTICES**

7       **Chapter 1. Application**

8       **Sec. 0.1.** This article must be construed as a recodification of  
9 prior law. The enactment of this article by SEA 169-2026 does not  
10 affect the substantive operation and effect of the prior law.

11       **Sec. 0.3.** A contract entered into in accordance with IC 24-9  
12 (before its repeal) is considered a contract entered into in  
13 accordance with this article.

14       **Sec. 0.5.** Any document, website, or business communication  
15 created in accordance with IC 24-9 (before its repeal) is considered  
16 a document, website, or business communication created in  
17 accordance with this article.

18       **Sec. 1.** Except for IC 37-5-3-7(c)(3), IC 37-5-3-7(c)(4), and  
19 IC 37-5-3-7(c)(5), this article does not apply to:

20       (1) a loan made or acquired by a person organized or  
21 chartered under the laws of this state, any other state, or the  
22 United States relating to banks, trust companies, savings  
23 associations, savings banks, credit unions, or industrial loan  
24 and investment companies; or

25       (2) a loan:

26           (A) that can be purchased by the Federal National  
27 Mortgage Association, the Federal Home Loan Mortgage  
28 Association, or the Federal Home Loan Bank;

29           (B) to be insured by the United States Department of  
30 Housing and Urban Development;

31           (C) to be guaranteed by the United States Department of  
32 Veterans Affairs;

33           (D) to be made or guaranteed by the United States  
34 Department of Agriculture Rural Housing Service;

35           (E) to be funded by the Indiana housing and community  
36 development authority; or

37           (F) with a principal amount that exceeds the conforming  
38 loan size limit for a single family dwelling as established by  
39 the Federal National Mortgage Association.

40       **Chapter 2. Definitions**

41       **Sec. 1.** The definitions in this chapter apply throughout this  
42 article.



1       **Sec. 2. "Benchmark rate"** means the interest rate established  
 2 under Section 152 of the Federal Home Ownership and Equity  
 3 Protection Act of 1994 (15 U.S.C. 1602 (aa)) and the regulations  
 4 adopted under that act by the Federal Reserve Board, including 12  
 5 CFR 226.32 and the Official Staff Commentary to the regulations  
 6 as amended.

7       **Sec. 3. "Bona fide discount points"** means loan discount points  
 8 that:

- 9           (1) are knowingly paid by the borrower;  
 10          (2) are paid for the express purpose of reducing the interest  
 11 rate applicable to the loan;  
 12          (3) reduce the interest rate from an interest rate that does not  
 13 exceed the benchmark rate; and  
 14          (4) are recouped within the first four (4) years of the  
 15 scheduled loan payments;

16 if the reduction in the interest rate that is achieved by the payment  
 17 of the loan discount points reduces the interest charged on the  
 18 scheduled payments so that the borrower's dollar amount of  
 19 savings in interest during the first four (4) years of the loan is equal  
 20 to or greater than the dollar amount of loan discount points paid  
 21 by the borrower.

22       **Sec. 4. "Borrower"** means a person obligated to repay a home  
 23 loan, including a coborrower, cosigner, or guarantor.

24       **Sec. 5. "Bridge loan"** means temporary or short term financing  
 25 with a maturity of less than eighteen (18) months that requires  
 26 payments of interest only until the entire unpaid balance is due and  
 27 payable.

28       **Sec. 6. (a) "Creditor"** means:

- 29           (1) a person:  
 30            (A) who regularly extends consumer credit that is subject  
 31 to a finance charge or that is payable by written agreement  
 32 in more than four (4) installments; and  
 33            (B) to whom the debt arising from a home loan transaction  
 34 is initially payable; or  
 35           (2) a person who brokers a home loan, including a person  
 36 who:  
 37            (A) directly or indirectly solicits, processes, places, or  
 38 negotiates home loans for others;  
 39            (B) offers to solicit, process, place, or negotiate home loans  
 40 for others; or  
 41            (C) closes home loans that may be in the person's own  
 42 name with funds provided by others and that are



1           thereafter assigned to the person providing funding for the  
2           loans.

3           (b) The term does not include:

- 4           (1) a servicer;  
5           (2) a state or local housing finance authority;  
6           (3) any other state or local governmental or  
7           quasi-governmental entity; or  
8           (4) an attorney providing legal services in association with the  
9           closing of a home loan.

10          Sec. 7. (a) "Deceptive act" means:

- 11          (1) an act or a practice as part of a mortgage transaction (as  
12          defined in IC 37-5-3-7(a)), or of a real estate transaction (as  
13          defined in IC 37-5-3-7(b)), in which a person at the time of the  
14          transaction knowingly or intentionally:  
15                  (A) makes a material misrepresentation; or  
16                  (B) conceals material information regarding the terms or  
17                  conditions of the transaction; or  
18          (2) a violation of IC 37-4 concerning mortgage rescue  
19          protection fraud as set forth in IC 37-4-5-1.

20          (b) For purposes of this section, "knowingly" means having  
21          actual knowledge at the time of the transaction.

22          Sec. 8. (a) "High cost home loan" means a home loan with:

- 23          (1) a trigger rate that exceeds the benchmark rate; or  
24          (2) total points and fees that exceed:  
25                  (A) five percent (5%) of the loan principal for a home loan  
26                  having a loan principal of at least forty thousand dollars  
27                  (\$40,000); or  
28                  (B) six percent (6%) of the loan principal for a home loan  
29                  having a loan principal of less than forty thousand dollars  
30                  (\$40,000).

31          (b) Beginning July 1, 2006, the dollar amounts set forth in this  
32          section are subject to change at the times and according to the  
33          procedure set forth in the provisions of IC 37-2-1-5 concerning the  
34          adjustment of dollar amounts in IC 37-2.

35          Sec. 9. (a) "Home loan" means a loan, other than an open end  
36          credit plan, a reverse mortgage transaction, or a loan described in  
37          IC 37-5-1-1, that is secured by a mortgage or deed of trust on real  
38          estate in Indiana on which there is located or will be located a  
39          structure or structures:

- 40          (1) designed primarily for occupancy of one (1) to four (4)  
41          families; and  
42          (2) that is or will be occupied by a borrower as the borrower's



principal dwelling.

(b) The term does not include a land contract.

Sec. 9.5. "Land contract" means a contract for the sale of real estate in which the seller of the real estate retains legal title to the real estate until the total contract price is paid by the buyer.

Sec. 10. (a) Except as provided in subsection (b), "points and fees" means the total of the following:

(1) Points and fees (as defined in 12 CFR 226.32(b)(1) on January 1, 2004).

(2) All compensation paid directly or indirectly to a mortgage broker, including a broker that originates a loan in the broker's own name.

As used in subdivision (2), "compensation" does not include a payment included in subdivision (1).

(b) The term does not include the following:

(1) Bona fide discount points.

(2) An amount not to exceed one and one-half (1 1/2) points in indirect broker compensation, if the terms of the loan do not include:

(A) a prepayment penalty, in the case of a home loan described in IC 37-5-3-6(b); or

(B) a prepayment penalty that exceeds two percent (2%) of the home loan principal, in the case of a home loan other than a home loan described in IC 37-5-3-6(b).

(3) Reasonable fees paid to an affiliate of the creditor.

(4) Interest prepaid by the borrower for the month in which the home loan is closed.

Sec. 11. "Political subdivision" means a municipality, school district, public library, local housing authority, fire protection district, public transportation corporation, local building authority, local hospital authority or corporation, local airport authority, special service district, special taxing district, or any other type of local governmental corporate entity.

Sec. 12. "Rate" means the interest rate charged on a home loan, based on an annual simple interest yield.

Sec. 13. "Total loan amount" means the principal of the home loan minus the points and fees that are included in the principal amount of the loan.

Sec. 14. "Trigger rate" means:

(1) for fixed rate home loans in which the interest rate will not vary during the term of the loan, the rate as of the date of closing;





(2) for home loans in which the interest varies according to an index, the sum of the index rate as of the date of closing plus the maximum margin permitted at any time under the loan agreement; or

(3) for all other home loans in which the rate may vary at any time during the term of the loan, the maximum rate that may be charged during the term of the home loan.

### **Chapter 3. Prohibited Lending Practices Generally**

**Sec. 0.1. A person is not subject to a prohibition or requirement of:**

(1) IC 24-9-3 (before its repeal) and IC 24-9-4 (before its repeal), both as added by P.L.73-2004; or

(2) this chapter and IC 37-5-4;

**with respect to a loan made before January 1, 2005.**

**Sec. 1. (a) A creditor making a home loan may not finance, directly or indirectly, any:**

(1) credit life insurance;

(2) credit disability insurance;

(3) credit unemployment insurance;

(4) credit property insurance; or

(5) payments directly or indirectly for any cancellation suspension agreement or contract.

**(b) Insurance premiums, debt cancellation fees, or suspension fees calculated and paid on a monthly basis are not considered to be financed by the creditor for purposes of this chapter.**

**Sec. 2. (a) A creditor may not knowingly or intentionally replace or consolidate a zero (0) interest rate or other subsidized low rate loan made by a governmental or nonprofit lender with a high cost home loan within the first ten (10) years of the subsidized low rate loan unless the current holder of the loan consents in writing to the refinancing.**

**(b) For purposes of this section, a "subsidized low rate loan" is a loan that carries a current interest rate of at least two (2) percentage points below the current yield on treasury securities with a comparable maturity. If the loan's current interest rate is either a discounted introductory rate or a rate that automatically steps up over time, the fully indexed rate or the fully stepped up rate, as appropriate, should be used instead of the current rate to determine whether a loan is a subsidized low rate loan.**

**(c) Each mortgage or deed of trust securing a zero (0) interest rate or other subsidized low rate loan executed after January 1, 2005, must prominently display the following on the face of the**



1 instrument:

2 "This instrument secures a zero (0) interest rate or other  
3 subsidized low rate loan subject to IC 37-5-3-2.".

4 (d) A creditor may reasonably rely on the presence or absence  
5 of the statement described in subsection (c) on the face of an  
6 instrument executed after January 1, 2005, as conclusive proof of  
7 the existence or nonexistence of a zero (0) interest rate or other  
8 subsidized low rate loan.

9 Sec. 3. A creditor may not recommend or encourage default on  
10 an existing loan or other debt before and in connection with the  
11 closing or planned closing of a home loan that refinances all or part  
12 of the existing loan or debt.

13 Sec. 4. A creditor shall treat each payment made by a borrower  
14 in regard to a home loan as posted on the same business day as the  
15 payment was received by the creditor, servicer, or creditor's agent,  
16 or at the address provided to the borrower by the creditor,  
17 servicer, or creditor's agent for making payments.

18 Sec. 5. (a) A home loan agreement may not contain a provision  
19 that permits the creditor, in the creditor's sole discretion, to  
20 accelerate the indebtedness without material cause.

21 (b) This section does not prohibit acceleration of a home loan in  
22 good faith due to the borrower's failure to abide by the material  
23 terms of the loan.

24 Sec. 6. (a) A creditor may not charge a fee for informing or  
25 transmitting to a person the balance due to pay off a home loan or  
26 to provide a written release upon prepayment. A creditor must  
27 provide, in writing, a payoff balance not later than seven (7)  
28 business days (excluding legal public holidays, Saturdays, and  
29 Sundays) after the request is received by the creditor. A payoff  
30 statement provided by a creditor under this subsection must show  
31 the date the statement was prepared and itemize the unpaid  
32 principal balance and each fee, charge, or other sum included  
33 within the payoff amount. For purposes of this subsection, "fee"  
34 does not include actual charges incurred by a creditor for express  
35 or priority delivery of home loan documents to the borrower if  
36 such delivery is requested by the borrower.

37 (b) This subsection applies to a home loan, or the refinancing or  
38 consolidation of a home loan, that:

39 (1) is closed after June 30, 2009; and

40 (2) has an interest rate that is subject to change at one (1) or  
41 more times during the term of the home loan.

42 A creditor in a transaction to which this subsection applies may not



1 contract for and may not charge the borrower a prepayment fee or  
2 penalty.

3 (c) This subsection applies to a home loan with respect to which  
4 any installment or minimum payment due is delinquent for at least  
5 sixty (60) days. The creditor, servicer, or the creditor's agent shall  
6 acknowledge a written offer made in connection with a proposed  
7 short sale not later than five (5) business days (excluding legal  
8 public holidays, Saturdays, and Sundays) after the date of the offer  
9 if the offer complies with the requirements for a qualified written  
10 request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer,  
11 or creditor's agent is required to acknowledge a written offer made  
12 in connection with a proposed short sale from a third party acting  
13 on behalf of the debtor only if the debtor has provided written  
14 authorization for the creditor, servicer, or creditor's agent to do so.  
15 Not later than thirty (30) business days (excluding legal public  
16 holidays, Saturdays, and Sundays) after receipt of an offer under  
17 this subsection, the creditor, servicer, or creditor's agent shall  
18 respond to the offer with an acceptance or a rejection of the offer.  
19 The thirty (30) day period described in this subsection may be  
20 extended for not more than fifteen (15) business days (excluding  
21 legal public holidays, Saturdays, and Sundays) if, before the end of  
22 the thirty (30) day period, the creditor, the servicer, or the  
23 creditor's agent notifies the debtor of the extension and the reason  
24 the extension is needed. As used in this subsection, "short sale"  
25 means a transaction in which the property that is the subject of a  
26 home loan is sold for an amount that is less than the amount of the  
27 borrower's outstanding obligation on the home loan. A creditor, a  
28 servicer, or a creditor's agent that fails to respond to an offer  
29 within the time prescribed by this subsection is liable in accordance  
30 with 12 U.S.C. 2605(f) in any action brought under that section.

31 Sec. 7. (a) As used in this section, "mortgage transaction"  
32 includes the following:

33 (1) A home loan subject to this article.

34 (2) To the extent allowed under federal law, a loan described  
35 in IC 37-5-1-1 that is secured by a mortgage or a land  
36 contract (or another consensual security interest equivalent  
37 to a mortgage or a land contract) on real estate in Indiana on  
38 which there is located or will be located a structure or  
39 structures:

40 (A) designed primarily for occupancy of one (1) to four (4)  
41 families; and

42 (B) that is or will be occupied by a borrower as the



- 1           borrower's principal dwelling.
- 2           (3) A first lien mortgage transaction (as defined in
- 3           IC 37-1-2-18) subject to IC 37-1.
- 4           (4) A consumer credit sale subject to IC 37-2-3 in which a
- 5           mortgage or a land contract (or another consensual security
- 6           interest equivalent to a mortgage or a land contract) that
- 7           constitutes a lien is created or retained against land:
- 8               (A) that is located in Indiana; and
- 9               (B) upon which there is constructed or intended to be
- 10           constructed a dwelling that is or will be used by the debtor
- 11           primarily for personal, family, or household purposes.
- 12           (5) A consumer loan subject to IC 37-2-4 in which a mortgage
- 13           or a land contract (or another consensual security interest
- 14           equivalent to a mortgage or a land contract) that constitutes
- 15           a lien is created or retained against land:
- 16               (A) that is located in Indiana; and
- 17               (B) upon which there is constructed or intended to be
- 18           constructed a dwelling that is or will be used by the debtor
- 19           primarily for personal, family, or household purposes.
- 20           (6) A loan in which a mortgage or a land contract (or another
- 21           consensual security interest equivalent to a mortgage or a
- 22           land contract) that constitutes a lien is created or retained
- 23           against land:
- 24               (A) that is located in Indiana;
- 25               (B) upon which there is constructed or intended to be
- 26           constructed a dwelling that is not or will not be used by the
- 27           borrower primarily for personal, family, or household
- 28           purposes; and
- 29               (C) that is classified as residential for property tax
- 30           purposes.
- 31           The term includes a loan that is secured by land in Indiana
- 32           upon which there is constructed or intended to be constructed
- 33           a dwelling that is purchased by or through the borrower for
- 34           investment or other business purposes.
- 35           (7) A reverse mortgage transaction that is secured by real
- 36           estate in Indiana on which there is located a structure that is
- 37           occupied by a borrower as the borrower's principal dwelling.
- 38           (b) As used in this section, "real estate transaction" means the
- 39           sale or lease of any legal or equitable interest in real estate:
- 40               (1) that is located in Indiana;
- 41               (2) upon which there is constructed or intended to be
- 42           constructed a dwelling; and



- 1           (3) that is classified as residential for property tax purposes.
- 2       (c) A person may not do any of the following:
- 3           (1) Divide a home loan transaction into separate parts with
- 4           the intent of evading a provision of this article.
- 5           (2) Structure a home loan transaction as an open-end loan
- 6           with the intent of evading the provisions of this article if the
- 7           home loan would be a high cost home loan if the home loan
- 8           had been structured as a closed-end loan.
- 9           (3) Engage in a deceptive act in connection with a mortgage
- 10          transaction or a real estate transaction.
- 11          (4) Engage in, or solicit to engage in, a real estate transaction
- 12          or a mortgage transaction without a permit or license
- 13          required by law.
- 14          (5) With respect to a real estate transaction or a mortgage
- 15          transaction, represent that:
- 16               (A) the transaction has:
- 17                   (i) certain terms or conditions; or
- 18                   (ii) the sponsorship or approval of a particular person or
- 19                   entity;
- 20               that it does not have and that the person knows or
- 21               reasonably should know it does not have; or
- 22               (B) the real estate or property that is the subject of the
- 23               transaction has any improvements, appurtenances, uses,
- 24               characteristics, or associated benefits that it does not have
- 25               and that the person knows or reasonably should know it
- 26               does not have.
- 27          (6) Maintain or offer to maintain an account for the receipt of
- 28          funds for the payment of real estate taxes and insurance
- 29          unless the person is any of the following:
- 30               (A) Any of the following that is chartered under the laws
- 31               of a state or the United States:
- 32                   (i) A bank.
- 33                   (ii) A savings and loan association.
- 34                   (iii) A credit union.
- 35                   (iv) A savings bank.
- 36               (B) The creditor in a mortgage transaction.
- 37               (C) A mortgage servicer acting on behalf of the creditor in
- 38               a mortgage transaction.
- 39               (D) A closing agent (as defined in IC 27-7-3.7-1).
- 40          (7) Fail to provide the notice required under subsection (d),
- 41          within the time specified in subsection (d), if the person is a
- 42          seller in a real estate transaction described in subsection (d).



(d) This subsection applies to a real estate transaction that involves a land contract between the seller and the buyer in the transaction. If the real estate that is the subject of the transaction is subject to any encumbrance, including any tax lien, foreclosure action, legal judgment, or other encumbrance affecting the title to the real estate, the seller must provide written notice by certified mail, return receipt requested, of the encumbrance to the buyer:

(1) not later than the time the land contract is executed, if the encumbrance is created before or at the time the land contract is executed; or

(2) not later than ten (10) business days after the encumbrance is created, if the encumbrance is created after the land contract is executed.

Sec. 8. A person seeking to enforce section 7(c)(3), 7(c)(4), or 7(c)(5) of this chapter may not knowingly or intentionally intimidate, coerce, or harass another person.

Sec. 9. It is unlawful for a creditor to discriminate against any applicant with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, or age, if the applicant has the ability to contract.

#### Chapter 4. Additional Prohibitions for High Cost Home Loans

Sec. 0.1. A person is not subject to a prohibition or requirement of:

(1) IC 24-9-3 (before its repeal) and IC 24-9-4 (before its repeal), both as added by P.L.73-2004; or

(2) this chapter and IC 37-5-3;

with respect to a loan made before January 1, 2005.

Sec. 1. The following additional limitations and prohibited practices apply to a high cost home loan:

(1) A creditor making a high cost home loan may not directly or indirectly finance any points and fees.

(2) This subdivision does not apply to a high cost home loan described in IC 37-5-3-6(b). Prepayment fees or penalties may not be included in the loan documents for a high cost home loan or charged to the borrower if the fees or penalties exceed in total two percent (2%) of the high cost home loan amount prepaid during the first twenty-four (24) months after the high cost home loan closing.

(3) This subdivision does not apply to a high cost home loan described in IC 37-5-3-6(b). A prepayment penalty may not be contracted for after the second year following the high cost home loan closing.



(4) This subdivision does not apply to a high cost home loan described in IC 37-5-3-6(b). A creditor may not include a prepayment penalty fee in a high cost home loan unless the creditor offers the borrower the option of choosing a loan product without a prepayment fee. The terms of the offer must be made in writing and must be initialed by the borrower. The document containing the offer must be clearly labeled in large bold type and must include the following disclosure:

**"LOAN PRODUCT CHOICE**

**I was provided with an offer to accept a product both with and without a prepayment penalty provision. I have chosen to accept the product with a prepayment penalty."**

(5) A creditor shall not sell or otherwise assign a high cost home loan without furnishing the following statement to the purchaser or assignee:

**"NOTICE: This is a loan subject to special rules under IC 37-5. Purchasers or assignees may be liable for all claims and defenses with respect to the loan that the borrower could assert against the lender."**

(6) A mortgage or deed of trust that secures a high cost home loan at the time the mortgage or deed of trust is recorded must prominently display the following on the face of the instrument:

**"This instrument secures a high cost home loan as defined in IC 37-5-2-8."**

(7) A creditor making a high cost home loan may not finance, directly or indirectly, any life or health insurance.

**Sec. 2. A creditor may not knowingly or intentionally:**

(1) refinance a high cost home loan by charging points and fees on the part of the proceeds of the new high cost home loan that is used to refinance the existing high cost loan within four (4) years of the origination of the existing high cost home loan; or

(2) divide a home loan transaction into multiple transactions with the effect of evading this article. Where multiple transactions are involved, the total points and fees charged in all transactions shall be considered when determining whether the protections of this section apply.

**Sec. 3. Notwithstanding IC 37-2-4-15, a high cost home loan agreement may not require a scheduled payment that is more than twice as large as the average of earlier scheduled monthly**



1 payments under the high cost home loan agreement unless the  
 2 payment becomes due and payable at least one hundred twenty  
 3 (120) months after the date of the high cost home loan. This  
 4 prohibition does not apply if:

- 5 (1) the payment schedule is adjusted to account for the
- 6 seasonal or irregular income of the borrower; or
- 7 (2) the loan is a bridge loan connected with or related to the
- 8 acquisition or construction of a dwelling intended to become
- 9 the borrower's principal dwelling.

10 Sec. 4. (a) Except as provided in subsection (b), a high cost home  
 11 loan may not include payment terms under which the outstanding  
 12 principal balance will increase at any time over the course of the  
 13 high cost home loan because the regular periodic payments do not  
 14 cover the full amount of interest due.

15 (b) This section does not apply to a temporary forbearance that  
 16 is requested by a borrower regarding a high cost home loan.

17 Sec. 5. A high cost home loan may not contain a provision that  
 18 increases the interest rate after default. However, this section does  
 19 not apply to interest rate changes in a variable rate loan otherwise  
 20 consistent with the provisions of the high cost home loan  
 21 documents if the change in the interest rate is not triggered by the  
 22 event of default or the acceleration of the indebtedness.

23 Sec. 6. A high cost home loan may not include terms under  
 24 which more than two (2) periodic payments required under the  
 25 high cost home loan are consolidated and paid in advance from the  
 26 high cost home loan proceeds provided to the borrower.

27 Sec. 7. A creditor may not make a high cost home loan without  
 28 first providing the borrower information to facilitate contact with  
 29 a nonprofit counseling agency certified by:

- 30 (1) the United States Department of Housing and Urban
- 31 Development; or
- 32 (2) the Indiana housing and community development
- 33 authority under IC 5-20-1-4(d);

34 at the same time as the good faith estimates are provided to the  
 35 borrower in accordance with the requirements of the federal Real  
 36 Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) as  
 37 amended.

38 Sec. 8. (a) A creditor may not make a high cost home loan  
 39 without regard to repayment ability.

40 (b) If a creditor presents evidence that the creditor followed  
 41 commercially reasonable practices in determining the borrower's  
 42 debt to income ratio, there is a rebuttable presumption that the





1 creditor made the high cost home loan with due regard to  
 2 repayment ability. For purposes of this section, there is a  
 3 rebuttable presumption that the borrower's statement of income  
 4 provided to the creditor is true and complete.

5 (c) Commercially reasonable practices include the use of:

6 (1) the debt to income ratio:

7 (A) listed in 38 CFR 36.4337(c)(1); and

8 (B) defined in 38 CFR 36.4337(d); and

9 (2) the residual income guidelines established under:

10 (A) 38 CFR 36.4337(e); and

11 (B) United States Department of Veterans Affairs form  
 12 26-6393.

13 Sec. 9. A creditor may not pay a contractor under a home  
 14 improvement contract from the proceeds of a high cost home loan  
 15 unless:

16 (1) the creditor is presented with a signed and dated  
 17 completion certificate showing that the home improvements  
 18 have been completed; and

19 (2) the instrument is payable to the borrower or jointly to the  
 20 borrower and the contractor or, at the election of the  
 21 borrower, through a third party escrow agent under a written  
 22 agreement signed by the borrower, the creditor, and the  
 23 contractor before the disbursement.

24 Sec. 10. A creditor may not charge a borrower any fees or other  
 25 charges to modify, renew, extend, or amend a high cost home loan  
 26 or to defer a payment due under the terms of a high cost home  
 27 loan.

28 Sec. 11. A creditor may not make a high cost home loan unless  
 29 the creditor has given the following notice, in writing, to the  
 30 borrower not later than the time that notice is required under 12  
 31 CFR 226.31(c):

32 "NOTICE TO BORROWER

33 YOU SHOULD BE AWARE THAT YOU MIGHT BE ABLE  
 34 TO OBTAIN A LOAN AT A LOWER COST. YOU SHOULD  
 35 COMPARE LOAN RATES, COSTS, AND FEES.  
 36 MORTGAGE LOAN RATES AND CLOSING COSTS AND  
 37 FEES VARY BASED ON MANY FACTORS, INCLUDING  
 38 YOUR PARTICULAR CREDIT AND FINANCIAL  
 39 CIRCUMSTANCES, YOUR EMPLOYMENT HISTORY,  
 40 THE LOAN-TO-VALUE REQUESTED, AND THE TYPE  
 41 OF PROPERTY THAT WILL SECURE YOUR LOAN. THE  
 42 LOAN RATE, COSTS, AND FEES COULD ALSO VARY



1       **BASED ON WHICH CREDITOR OR BROKER YOU**  
 2       **SELECT.**

3       **IF YOU ACCEPT THE TERMS OF THIS LOAN, THE**  
 4       **CREDITOR WILL HAVE A MORTGAGE LIEN ON YOUR**  
 5       **HOME. YOU COULD LOSE YOUR HOME AND ANY**  
 6       **MONEY YOU HAVE PAID IF YOU DO NOT MEET YOUR**  
 7       **PAYMENT OBLIGATIONS UNDER THE LOAN.**

8       **YOU SHOULD CONSULT AN ATTORNEY AND A**  
 9       **QUALIFIED INDEPENDENT CREDIT COUNSELOR OR**  
 10       **OTHER EXPERIENCED FINANCIAL ADVISER**  
 11       **REGARDING THE RATE, FEES, AND PROVISIONS OF**  
 12       **THIS MORTGAGE LOAN BEFORE YOU PROCEED. A**  
 13       **LIST OF QUALIFIED COUNSELORS IS AVAILABLE**  
 14       **FROM THE INDIANA HOUSING AND COMMUNITY**  
 15       **DEVELOPMENT AUTHORITY.**

16       **YOU ARE NOT REQUIRED TO COMPLETE THIS LOAN**  
 17       **AGREEMENT MERELY BECAUSE YOU HAVE**  
 18       **RECEIVED THIS DISCLOSURE OR HAVE SIGNED A**  
 19       **LOAN APPLICATION. REMEMBER, PROPERTY TAXES**  
 20       **AND HOMEOWNER'S INSURANCE ARE YOUR**  
 21       **RESPONSIBILITY. NOT ALL CREDITORS PROVIDE**  
 22       **ESCROW SERVICES FOR THESE PAYMENTS. YOU**  
 23       **SHOULD ASK YOUR CREDITOR ABOUT THESE**  
 24       **SERVICES.**

25       **ALSO, YOUR PAYMENTS ON EXISTING DEBTS**  
 26       **CONTRIBUTE TO YOUR CREDIT RATINGS. YOU**  
 27       **SHOULD NOT ACCEPT ANY ADVICE TO IGNORE**  
 28       **YOUR REGULAR PAYMENTS TO YOUR EXISTING**  
 29       **CREDITORS."**

30       **Sec. 12. Without regard to whether a borrower is acting**  
 31       **individually or on behalf of others similarly situated, a provision**  
 32       **of a high cost home loan agreement that:**

33       **(1) requires arbitration of a claim or defense;**  
 34       **(2) allows a party to require a borrower to assert a claim or**  
 35       **defense in a forum that is:**

36       **(A) less convenient;**

37       **(B) more costly; or**

38       **(C) more dilatory;**

39       **for the resolution of the dispute than an Indiana court in**  
 40       **which the borrower may otherwise bring a claim or defense;**  
 41       **or**

42       **(3) limits in any way any claim or defense the borrower may**



1           have;  
2           is unconscionable and void.

3           **Chapter 5. Claims, Defenses, Remedies**

4           **Sec. 1. (a) A person who purchases or is otherwise assigned a**  
5           **high cost home loan is subject to all affirmative claims and any**  
6           **defenses, except for an affirmative claim or defense pursuant to**  
7           **IC 37-5-3-7, with respect to the high cost home loan that the**  
8           **borrower could assert against a creditor or broker of the high cost**  
9           **home loan. However, this section does not apply if the purchaser or**  
10           **assignee demonstrates by a preponderance of the evidence that a**  
11           **reasonable person exercising ordinary due diligence could not**  
12           **determine that the loan was a high cost home loan. A purchaser or**  
13           **an assignee is presumed to have exercised reasonable due diligence**  
14           **if the purchaser or assignee:**

15           (1) has in place at the time of the purchase or assignment of  
16           the subject loans, policies that expressly prohibit the purchase  
17           or acceptance of the assignment of any high cost home loans;  
18           (2) requires by contract that a seller or an assignor of home  
19           loans to the purchaser or assignee represents and warrants to  
20           the purchaser or assignee that either:

21           (A) the seller or assignor will not sell or reassign any high  
22           cost home loans to the purchaser or assignee; or

23           (B) the seller or assignor is a beneficiary of a  
24           representation and warranty from a previous seller or  
25           assignor to that effect;

26           (3) exercises reasonable due diligence:

27           (A) at the time of purchase or assignment of home loans;  
28           or

29           (B) within a reasonable period after the purchase or  
30           assignment of home loans;

31           intended by the purchaser or assignee to prevent the  
32           purchaser or assignee from purchasing or taking assignment  
33           of any high cost home loans; or

34           (4) satisfies the requirements of subdivisions (1) and (2) and  
35           establishes that a reasonable person exercising ordinary due  
36           diligence could not determine that the loan was a high cost  
37           home loan based on the:

38           (A) documentation required by the federal Truth in  
39           Lending Act (15 U.S.C. 1601 et seq.); and

40           (B) itemization of the amount financed and other  
41           disbursement disclosures.

42           (b) A borrower acting only in an individual capacity may assert



1 against the creditor or any subsequent holder or assignee of a high  
2 cost home loan:

3 (1) a violation of IC 37-5-4-2 as a defense, claim, or  
4 counterclaim, after:

5 (A) an action to enjoin foreclosure or to preserve or obtain  
6 possession of the dwelling that secures the loan is initiated;

7 (B) an action to collect on the loan or foreclose on the  
8 collateral securing the loan is initiated; or

9 (C) the loan is more than sixty (60) days in default;  
10 within three (3) years after the closing of a home loan;

11 (2) a violation of this article in connection to the high cost  
12 home loan as a defense, claim, or counterclaim in an original  
13 action within five (5) years after the closing of a high cost  
14 home loan; and

15 (3) any defense, claim, counterclaim, or action to enjoin  
16 foreclosure or preserve or obtain possession of the home that  
17 secures the loan, including a violation of this article after:

18 (A) an action to collect on the loan or foreclose on the  
19 collateral securing the loan is initiated;

20 (B) the debt arising from the loan is accelerated; or

21 (C) the loan is more than sixty (60) days in default;

22 at any time during the term of a high cost home loan.

23 (c) In an action, a claim, or a counterclaim brought under  
24 subsection (b), the borrower may recover only amounts required  
25 to reduce or extinguish the borrower's liability under a home loan  
26 plus amounts required to recover costs, including reasonable  
27 attorney's fees.

28 (d) The provisions of this section are effective notwithstanding  
29 any other provision of law. This section shall not be construed to  
30 limit the substantive rights, remedies, or procedural rights  
31 available to a borrower against any creditor, assignee, or holder  
32 under any other law. The rights conferred on borrowers by  
33 subsections (a) and (b) are independent of each other and do not  
34 limit each other.

35 Sec. 2. (a) If a creditor asserts that grounds for acceleration  
36 under the terms of a high cost home loan exist and requires the  
37 payment in full of all sums secured by the security instrument, the  
38 borrower or a person authorized to act on the borrower's behalf at  
39 any time before the title is transferred by means of foreclosure,  
40 judicial proceeding and sale, or otherwise may cure the default and  
41 reinstate the high cost home loan by tendering the amount or  
42 performance as specified in the security instrument.



1 (b) If the borrower cures the default on a high cost home loan,  
 2 the original loan terms shall be reinstated, and any acceleration of  
 3 any obligation under the security instrument or note arising from  
 4 the default is nullified as of the date of the cure.

5 Sec. 3. (a) A creditor making a high cost home loan that has the  
 6 right to foreclose must use the judicial foreclosure procedures of  
 7 the state in which the property securing the high cost home loan is  
 8 located. The borrower has the right to assert in the proceeding the  
 9 nonexistence of a default and any other claim or defense to  
 10 acceleration and foreclosure, including any claim or defense based  
 11 on any violations of this article.

12 (b) This section is not intended and shall not be construed to  
 13 allow any claim or defense otherwise barred by any statute of  
 14 limitation or repose.

15 Sec. 4. (a) This section does not apply to a violation of  
 16 IC 37-5-3-7(c)(4), IC 37-5-3-7(c)(5), or IC 37-5-3-7(c)(6). A person  
 17 who violates this article is liable to a person who is a party to the  
 18 home loan transaction, mortgage transaction (as defined in  
 19 IC 37-5-3-7(a)), or real estate transaction (as defined in  
 20 IC 37-5-3-7(b)), as appropriate, that gave rise to the violation for  
 21 the following:

22 (1) Actual damages, including consequential damages. A  
 23 person is not required to demonstrate reliance in order to  
 24 receive actual damages.

25 (2) Statutory damages equal to two (2) times the finance  
 26 charges agreed to in a home loan agreement.

27 (3) Costs and reasonable attorney's fees.

28 (b) A person may be granted injunctive, declaratory, and other  
 29 equitable relief as the court determines appropriate in an action to  
 30 enforce compliance with this chapter.

31 (c) The right of rescission granted under 15 U.S.C. 1601 et seq.  
 32 for a violation of the federal Truth in Lending Act (15 U.S.C. 1601  
 33 et seq.) is available to a person acting only in an individual capacity  
 34 by way of recoupment as a defense against a party foreclosing on  
 35 a home loan at any time during the term of the loan. Any  
 36 recoupment claim asserted under this provision is limited to the  
 37 amount required to reduce or extinguish the person's liability  
 38 under the home loan plus amounts required to recover costs,  
 39 including reasonable attorney's fees. This article shall not be  
 40 construed to limit the recoupment rights available to a person  
 41 under any other law.

42 (d) The remedies provided in this section are cumulative but are



not intended to be the exclusive remedies available to a person. Except as provided in subsection (e), a person is not required to exhaust any administrative remedies under this article or under any other applicable law.

(e) Before bringing an action regarding an alleged deceptive act under this chapter, a person must:

(1) notify the homeowner protection unit established by IC 4-6-12-2 of the alleged violation giving rise to the action; and

(2) allow the homeowner protection unit at least ninety (90) days to institute appropriate administrative and civil action to redress a violation.

(f) An action under this chapter must be brought within five (5) years after the date that the person knew, or by the exercise of reasonable diligence should have known, of the violation of this article.

(g) An award of damages under subsection (a) has priority over a civil penalty imposed under this article.

Sec. 5. (a) If the creditor or an assignee establishes by a preponderance of evidence that a violation of this article is unintentional or the result of a bona fide error of law or fact notwithstanding the maintenance of procedures reasonably adopted to avoid any such violation or error, the validity of the transaction is not affected, and no liability is imposed under section 4 of this chapter except in the case of a refusal to make a refund.

(b) Except as provided in subsection (c), a creditor in a high cost home loan who in good faith fails to comply with this article is not considered to have violated this article if the creditor does the following before receiving notice of the failure from the borrower:

(1) Not later than ninety (90) days after the date of the loan closing:

(A) makes appropriate restitution to the borrower of any amounts collected in error; and

(B) takes necessary action to make all appropriate adjustments to the loan to correct the error.

(2) Not later than one hundred twenty (120) days after the date of the loan closing, notifies the borrower of:

(A) the error; and

(B) the amount of the required restitution or adjustment.

(c) Subsection (b) does not apply unless the creditor establishes that the compliance failure was not intentional and resulted from a bona fide error of fact or law, notwithstanding the maintenance



1 of procedures reasonably adopted to avoid the errors.

2 Sec. 6. The rights conferred by this article are in addition to  
3 rights granted under any other law.

4 Chapter 6. Reporting Requirements

5 Sec. 1. (a) A servicer of a high cost home loan shall report at  
6 least once each calendar quarter to a nationally recognized  
7 consumer credit reporting agency both the favorable and  
8 unfavorable payment history information of the borrower on  
9 payments due to the creditor on a high cost home loan.

10 (b) This section does not prohibit a servicer from agreeing with  
11 the borrower not to report specified payment history information  
12 in the event of a resolved or an unresolved dispute with a borrower  
13 and does not apply to high cost home loans held or serviced by a  
14 lender for less than ninety (90) days.

15 Chapter 7. State Power to Regulate Lending

16 Sec. 1. The state is the sole regulator of the business of  
17 originating, granting, servicing, and collecting loans and other  
18 forms of credit in Indiana and the manner in which the business is  
19 conducted. This regulation preempts all other regulation of these  
20 activities by any political subdivision.

21 Sec. 2. Political subdivisions may not:

22 (1) enact, issue, or enforce ordinances, resolutions,  
23 regulations, orders, requests for proposals, or requests for  
24 bids pertaining to financial or lending activities, including  
25 ordinances, resolutions, and rules that disqualify persons  
26 from doing business with a municipality and that are based  
27 upon lending terms or practices; or

28 (2) impose reporting requirements or any other obligations  
29 upon persons regarding financial services or lending practices  
30 or upon subsidiaries or affiliates that:

31 (A) are subject to the jurisdiction of the department of  
32 financial institutions;

33 (B) are subject to the jurisdiction or regulatory supervision  
34 of the Board of Governors of the Federal Reserve System,  
35 the Office of the Comptroller of the Currency, the National  
36 Credit Union Administration, the Federal Deposit  
37 Insurance Corporation, the Federal Trade Commission, or  
38 the United States Department of Housing and Urban  
39 Development;

40 (C) are chartered by the United States Congress to engage  
41 in secondary market mortgage transactions;

42 (D) are created by the Indiana housing and community



development authority; or  
 (E) originate, purchase, sell, assign, securitize, or service  
 property interests or obligations created by financial  
 transactions or loans made, executed, originated, or  
 purchased by persons referred to in clause (A), (B), (C), or  
 (D).

#### **Chapter 8. Penalties and Enforcement**

**Sec. 1.** A person who knowingly or intentionally violates this  
 article commits:

- (1) a Class A misdemeanor; and
- (2) except for a violation of IC 37-5-3-7(c)(4) by a person  
 required to be licensed by the department of financial  
 institutions, an act that is actionable by the attorney general  
 under IC 24-5-0.5 and is subject to the penalties listed in  
 IC 24-5-0.5.

**Sec. 2. (a)** The attorney general and the attorney general's  
 homeowner protection unit established under IC 4-6-12 shall  
 enforce this article. An action may not be brought under this  
 article more than five (5) years after the occurrence of the  
 violation.

**(b)** The attorney general may refer a matter under section 1 of  
 this chapter to a prosecuting attorney for enforcement.

**Sec. 3. (a)** This section does not apply to a violation of  
 IC 37-5-3-7(c)(4) by a person required to be licensed by the  
 department of financial institutions. The attorney general may  
 bring an action to enjoin a violation of this article. A court in which  
 the action is brought may:

- (1) issue an injunction;
- (2) order a person to make restitution;
- (3) order a person to reimburse the state for reasonable costs  
 of the attorney general's investigation and prosecution of the  
 violation of this article; and
- (4) impose a civil penalty of not more than ten thousand  
 dollars (\$10,000) per violation.

**(b)** A person who violates an injunction under this section is  
 subject to a civil penalty of not more than ten thousand dollars  
 (\$10,000) per violation.

**(c)** The court that issues an injunction retains jurisdiction over  
 a proceeding seeking the imposition of a civil penalty under this  
 section.

**Sec. 4.** The attorney general may file complaints with any of the  
 agencies listed in IC 4-6-12-4 to implement this chapter.





**Chapter 9. Fees**

**Sec. 1.** The county recorder shall assess a fee for each mortgage recorded that shall be paid to the county treasurer at the end of each calendar month as set forth in IC 36-2-7-10(c)(2).

**Sec. 2.** On or before June 20 and December 20 of each year, after completing an audit of the county treasurer's monthly reports required by IC 36-2-10-16, the county auditor shall distribute to the state comptroller two dollars and fifty cents (\$2.50) of the mortgage recording fee collected under IC 36-2-7-10(c)(2) for each mortgage recorded by the county recorder. The state comptroller shall deposit the money in the state general fund to be distributed as described in section 3 of this chapter.

**Sec. 3.** On or before June 30 and December 31 of each year the state comptroller shall distribute one dollar and twenty-five cents (\$1.25) of the mortgage recording fee to the state general fund and one dollar and twenty-five cents (\$1.25) of the mortgage recording fee to the homeowner protection unit account established by IC 4-6-12-9.

**SECTION 98.** [EFFECTIVE JULY 1, 2026] (a) This SECTION applies to a person subject to:

- (1) IC 24-4.4;
- (2) IC 24-4.5;
- (3) IC 24-5.5; or
- (4) IC 24-9;

before their repeal.

(b) A person described in subsection (a) has until July 1, 2027, to amend any document, website, or business communication to comply with the recodification of the statutes described in subsection (a) in IC 37, as added by this act.

(c) This SECTION expires June 30, 2028.

**SECTION 99.** [EFFECTIVE JULY 1, 2026] (a) Rules adopted in accordance with:

- (1) IC 24-4.4;
- (2) IC 24-4.5;
- (3) IC 24-5.5; or
- (4) IC 24-9;

before their repeal are considered rules adopted in accordance with IC 37, as added by this act, and remain in effect until the rules are amended, repealed, or suspended.

(b) Before January 1, 2028, the department of financial institutions and the secretary of state shall amend its rules to comply with the changes made by this act.



1        **(c) This SECTION expires June 30, 2028.**



## COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 169, 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:

Page 31, between lines 14 and 15, begin a new paragraph and insert:  
"SECTION 34. IC 24-5.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. (Mortgage Rescue Protection Fraud).".

Page 33, delete lines 22 through 42, begin a new paragraph and insert:

"SECTION 42. IC 24-9 IS REPEALED [EFFECTIVE JULY 1, 2026]. (Home Loan Practices).".

Delete pages 34 through 35.

Page 36, delete lines 1 through 31.

Page 88, between lines 13 and 14, begin a new paragraph and insert:

**"Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.**

**Sec. 0.3. A contract entered into in accordance with IC 24-4.4 (before its repeal) is considered a contract entered into in accordance with this article.**

**Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-4.4 (before its repeal) is considered a document, website, or business communication created in accordance with this article."**

Page 132, between lines 18 and 19, begin a new paragraph and insert:

**"Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.**

**Sec. 0.3. A contract entered into in accordance with IC 24-4.5 (before its repeal) is considered a contract entered into in accordance with this article.**

**Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-4.5 (before its repeal) is considered a document, website, or business communication created in accordance with this article."**

Page 266, between lines 2 and 3, begin a new paragraph and insert:

**"Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.**



**Sec. 0.3. A contract entered into in accordance with IC 24-4.5-7 (before its repeal) is considered a contract entered into in accordance with this article.**

**Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-4.5-7 (before its repeal) is considered a document, website, or business communication created in accordance with this article."**

Page 279, between lines 9 and 10, begin a new paragraph and insert:

**"Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.**

**Sec. 0.3. A contract entered into in accordance with IC 24-5.5 (before its repeal) is considered a contract entered into in accordance with this article.**

**Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-5.5 (before its repeal) is considered a document, website, or business communication created in accordance with this article."**

Page 285, between lines 15 and 16, begin a new paragraph and insert:

**"Sec. 0.1. This article must be construed as a recodification of prior law. The enactment of this article by SEA 169-2026 does not affect the substantive operation and effect of the prior law.**

**Sec. 0.3. A contract entered into in accordance with IC 24-9 (before its repeal) is considered a contract entered into in accordance with this article.**

**Sec. 0.5. Any document, website, or business communication created in accordance with IC 24-9 (before its repeal) is considered a document, website, or business communication created in accordance with this article."**

Page 305, after line 16, begin a new paragraph and insert:

**"SECTION 99. [EFFECTIVE JULY 1, 2026] (a) This SECTION applies to a person subject to:**

- (1) IC 24-4.4;**
- (2) IC 24-4.5;**
- (3) IC 24-5.5; or**
- (4) IC 24-9;**

**before their repeal.**

**(b) A person described in subsection (a) has until July 1, 2027, to amend any document, website, or business communication to comply with the recodification of the statutes described in subsection (a) in IC 37, as added by this act.**



**(c) This SECTION expires June 30, 2028.**

**SECTION 100. [EFFECTIVE JULY 1, 2026] (a) Rules adopted in accordance with:**

- (1) IC 24-4.4;**
- (2) IC 24-4.5;**
- (3) IC 24-5.5; or**
- (4) IC 24-9;**

**before their repeal are considered rules adopted in accordance with IC 37, as added by this act, and remain in effect until the rules are amended, repealed, or suspended.**

**(b) Before January 1, 2028, the department of financial institutions and the secretary of state shall amend its rules to comply with the changes made by this act.**

**(c) This SECTION expires June 30, 2028."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 169 as introduced.)

BALDWIN, Chairperson

Committee Vote: Yeas 6, Nays 1.

