
SENATE BILL No. 169

AM016901 has been incorporated into introduced printing.

Synopsis: Reorganization of consumer lending laws.

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2026

IN 169—LS 6567/DI 92



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Introduced

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:

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(1) Produce the documentary material for inspection and copying or reproduction.

(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

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- 1 agencies.
- 2 (5) Enforce violations of IC 32-25.5-3 by homeowners
- 3 associations.
- 4 (b) The attorney general shall adopt rules under IC 4-22-2 to the
- 5 extent necessary to organize the unit.
- 6 SECTION 4. IC 4-6-12-5 IS AMENDED TO READ AS
- 7 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. The attorney general
- 8 may file complaints with any of the entities listed in section 4 of this
- 9 chapter to carry out this chapter and ~~IC 24-9-9. IC 37-5.~~
- 10 SECTION 5. IC 4-6-12-9, AS AMENDED BY P.L.52-2017,
- 11 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 12 JULY 1, 2026]: Sec. 9. (a) The homeowner protection unit account
- 13 within the general fund is established to support the operations of the
- 14 unit. The account is administered by the attorney general.
- 15 (b) The homeowner protection unit account consists of the
- 16 following:
- 17 (1) Fees collected under ~~IC 24-9-9. IC 37-5-9.~~
- 18 (2) Fees distributed to the account under IC 33-34-8-3,
- 19 IC 33-37-7-2(a), and IC 33-37-7-8(a).
- 20 (c) The expenses of administering the homeowner protection unit
- 21 account shall be paid from money in the account.
- 22 (d) The treasurer of state shall invest the money in the homeowner
- 23 protection unit account not currently needed to meet the obligations of
- 24 the account in the same manner as other public money may be invested.
- 25 (e) Money in the homeowner protection unit account at the end of
- 26 a state fiscal year does not revert to the state general fund.
- 27 SECTION 6. IC 4-21.5-3-6, AS AMENDED BY P.L.222-2025,
- 28 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 29 JULY 1, 2026]: Sec. 6. (a) Notice shall be given under this section
- 30 concerning the following:
- 31 (1) A safety order under IC 22-8-1.1.
- 32 (2) Any order that:
- 33 (A) imposes a sanction on a person or terminates a legal
- 34 right, duty, privilege, immunity, or other legal interest of a
- 35 person;
- 36 (B) is not described in section 4 or 5 of this chapter or
- 37 IC 4-21.5-4; and
- 38 (C) by statute becomes effective without a proceeding under
- 39 this chapter if there is no request for a review of the order
- 40 within a specified period after the order is issued or served.
- 41 (3) A notice of program reimbursement or equivalent

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determination or other notice regarding a hospital's reimbursement issued by the office of Medicaid policy and planning or by a contractor of the office of Medicaid policy and planning regarding a hospital's year end cost settlement.

(4) A determination of audit findings or an equivalent determination by the office of Medicaid policy and planning or by 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

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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 in IC 4-22-2-37.2. A rule described in this subdivision adopted under IC 4-22-2-37.2 expires not later than two (2) years after the rule is accepted for filing by the publisher of the Indiana Register.

A rule described in this section may be continued in another interim rule only if the governor determines under IC 4-22-2-37.2(c) that the policy options available to the agency are so limited that use of the additional notice, comment, and review procedures in IC 4-22-2-23 through IC 4-22-2-36 would provide no benefit to persons regulated or otherwise affected by the rule.

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

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

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

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

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

SECTION 9. IC 6-1.1-23-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) If a judgment entered under section 9 of this chapter is not paid, the county treasurer may notify the delinquent taxpayer by certified mail that a judgment



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has been entered against ~~him~~ **the taxpayer** and that the treasurer is going to file a praecipe for execution. If the judgment is not paid within ten (10) days after the date the notice is given, the county treasurer shall file the praecipe for execution. If this notice is not given, an execution upon the judgment is invalid.

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

(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.

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(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:

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(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



1 make a tax payment:

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

10 However, if a tax liability payment is made by bank draft, check,
 11 cashier's check, or money order, the liability is not finally discharged
 12 and the person has not paid the tax until the draft, check, or money
 13 order has been honored by the institution on which it is drawn. If the
 14 payment is made by credit card, debit card, charge card, or similar
 15 method, the liability is not finally discharged and the person has not
 16 paid the tax until the department receives payment or credit from the
 17 institution responsible for making the payment or credit. The
 18 department may contract with a bank or credit card vendor for
 19 acceptance of bank or credit cards. However, if there is a vendor
 20 transaction charge or discount fee, whether billed to the department or
 21 charged directly to the department's account, the department or credit
 22 card vendor may collect from the person using the bank or credit card
 23 a fee that may not exceed the highest transaction charge or discount fee
 24 charged to the department by the bank or credit card vendor during the
 25 most recent collection period. This fee may be collected regardless of
 26 any agreement between the bank and a credit card vendor or regardless
 27 of any internal policy of the credit card vendor that may prohibit this
 28 type of fee. The fee is a permitted additional charge under
 29 ~~IC 24-4.5-3-202~~. **IC 37-2-4-5.**

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

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

- 41 (1) The department may levy upon the property of the taxpayer



that is held by a financial institution by sending a claim to the financial institution. Upon receipt of a claim under this subdivision, the financial institution shall surrender to the department the taxpayer's property. If the taxpayer's property exceeds the amount owed to the state by the taxpayer, the financial institution shall surrender the taxpayer's property in an amount equal to the amount owed. After receiving the department's notice of levy, the financial institution is required to place a sixty (60) day hold on or restriction on the withdrawal of funds the taxpayer has on deposit or subsequently deposits, in an amount not to exceed the amount owed.

(2) The department may garnish the accrued earnings and wages of a taxpayer by sending a notice to the taxpayer's employer. Upon receipt of a notice under this subdivision, an employer shall garnish the accrued earnings and wages of the taxpayer in an amount equal to the full amount that is subject to garnishment under ~~IC 24-4.5-5~~. **IC 37-2-6**. The amount garnished shall be remitted to the department. The employer is entitled to a fee in an amount equal to the fee allowed under ~~IC 24-4.5-5-105(5)~~. **IC 37-2-6-4(e)**. However, the fee shall be borne entirely by the taxpayer.

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

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

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

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

(1) credit card;



- 1 (2) debit card;
 2 (3) charge card; or
 3 (4) stored value card.
 4 (b) The commission shall accept a payment to the commission for
 5 any purpose by any of the following financial instruments:
 6 (1) Cash.
 7 (2) Certified check.
 8 (3) Cashier's check.
 9 (4) Check drawn on the bank deposit of a business.
 10 (5) Valid postal money order of the United States.
 11 (6) Bank draft.
 12 (7) Money order.
 13 (8) Bank card or credit card.
 14 (9) Electronic funds transfer.
 15 (10) Any other financial instrument authorized by the
 16 commission.
 17 (c) If there is a charge to the commission for the use of a financial
 18 instrument, the commission may collect a sum equal to the amount of
 19 the charge from the person who uses the financial instrument.
 20 (d) A procedure authorized for a particular type of payment must
 21 be uniformly applied to all payments of the same type.
 22 (e) The commission may contract with a bank card or credit card
 23 vendor for acceptance of bank cards or credit cards. However, if there
 24 is a vendor transaction charge or discount fee, whether billed to the
 25 commission or charged directly to the commission's account, the
 26 commission may collect from the person using the card:
 27 (1) an official fee that may not exceed the transaction charge or
 28 discount fee charged to the commission by bank or credit card
 29 vendors; or
 30 (2) a reasonable convenience fee:
 31 (A) that may not exceed three dollars (\$3); and
 32 (B) that must be uniform regardless of the bank card or
 33 credit card used.
 34 The fees described in subdivisions (1) and (2) may be collected
 35 regardless of retail merchant agreements between the bank and credit
 36 card vendors that may prohibit such fees. These fees are permitted
 37 additional charges under ~~IC 24-4-5-3-202~~ **IC 37-2-4-5**.
 38 (f) The commission may pay any applicable bank card or credit
 39 card service charge associated with the use of a bank card or credit card
 40 under this section.
 41 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 nonprofit organization.

(3) Purchase price of bonds or securities, issued or guaranteed by the United States.

(4) Purchase price of shares of stock, or fractional interests in shares of stock, of the employing company, or of a company owning the majority of the issued and outstanding stock of the employing company, whether purchased from such company, in the open market or otherwise. However, if such shares are to be purchased on installments pursuant to a written purchase agreement, the employee has the right under the purchase agreement at any time before completing purchase of such shares to cancel said agreement and to have repaid promptly the amount of all installment payments which theretofore have been made.

(5) Dues to become owing by the employee to a labor organization of which the employee is a member.

(6) Purchase price of merchandise, goods, or food offered by the employer and sold to the employee, for the employee's benefit, use, or consumption, at the written request of the employee.

(7) Amount of a loan made to the employee by the employer and evidenced by a written instrument executed by the employee subject to the amount limits set forth in section 4(c) of this chapter.

(8) Contributions, assessments, or dues of the employee to a

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hospital service or a surgical or medical expense plan or to an employees' association, trust, or plan existing for the purpose of paying pensions or other benefits to said employee or to others designated by the employee.

(9) Payment to any credit union, nonprofit organizations, or associations of employees of such employer organized under any law of this state or of the United States.

(10) Payment to any person or organization regulated under the Uniform Consumer Credit Code (~~IC 24-4.5~~) **(IC 37-2) or IC 37-3 (small loans)** for deposit or credit to the employee's account by electronic transfer or as otherwise designated by the employee.

(11) Premiums on policies of insurance and annuities purchased by the employee on the employee's life.

(12) The purchase price of shares or fractional interest in shares in one (1) or more mutual funds.

(13) A judgment owed by the employee if the payment:

(A) is made in accordance with an agreement between the employee and the creditor; and

(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

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1 Federal Reserve System or any successor rate, plus four percent (4%).

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

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

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

7 **IC 37-2-6-4(a)(1).**

8 (e) Except as provided under 29 CFR Parts 1910, 1915, 1917,
9 1918, and 1926, an employee shall not be charged or subject to a wage
10 assignment under subsection (b)(14) or (b)(15) for protective
11 equipment including personal protective equipment identified under 29
12 CFR Parts 1910, 1915, 1917, 1918, and 1926.

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

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

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

20 (A) determined in accordance with; and

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

22 ~~IC 24-4.5-5-105~~ **IC 37-2-6-4** in the same manner as a
23 garnishment. An income withholding under this chapter is not an
24 assignment of wages under IC 22-2-6.

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

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

34 (5) Continue withholding under this section until:

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

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

40 (6) Notify the department, if the individual subject to
41 withholding terminates employment, including the individual's

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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.

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(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

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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:

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(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

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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.

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- (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 24-4-2-402~~ **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).



1 SECTION 23. IC 24-4.5 IS REPEALED [EFFECTIVE JULY 1,
2 2026]. (Uniform Consumer Credit Code).

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

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

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

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

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

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

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

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

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

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

33 (ii) The name, address, and telephone number of the
34 charitable organization.

35 (4) A telephone call made by an individual licensed under
36 IC 25-34.1 if:

37 (A) the sale of goods or services is not completed; and

38 (B) the payment or authorization of payment is not required;
39 until after a face to face sales presentation by the seller.

40 (5) A telephone call made by an individual licensed under
41 IC 27-1-15.6 or IC 27-1-15.8 when the individual is soliciting an

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1 application for insurance or negotiating a policy of insurance on
2 behalf of an insurer (as defined in IC 27-1-2-3).

3 (6) A telephone call soliciting the sale of a newspaper of general
4 circulation, but only if the telephone call is made by a volunteer
5 or an employee of the newspaper.

6 (7) Any telephone call made to a consumer by a communications
7 service provider (as defined in IC 8-1-32.5-4) that:

8 (A) offers broadband Internet service; and

9 (B) has an established business relationship (as defined in
10 47 CFR 64.1200) with the consumer.

11 (8) Any telephone call made to a consumer by:

12 (A) a financial institution organized or reorganized under
13 the laws of any state or the United States; or

14 (B) a person licensed by the department of financial
15 institutions under ~~IC 24-4-4~~, ~~IC 24-4-5~~, **IC 37-1**, **IC 37-2**, or
16 750 IAC 9;

17 that has an established business relationship (as defined in 47
18 CFR 64.1200) with the consumer.

19 SECTION 26. IC 24-4.9-2-6, AS ADDED BY P.L.125-2006,
20 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 JULY 1, 2026]: Sec. 6. "Financial institution" means a financial
22 institution as defined in:

23 (1) IC 28-1-1-3, other than a consumer finance institution
24 licensed to make supervised or regulated loans under ~~IC 24-4-5~~;
25 **IC 37-2**; or

26 (2) 15 U.S.C. 6809(3).

27 SECTION 27. IC 24-5-0.5-3, AS AMENDED BY P.L.104-2024,
28 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2026]: Sec. 3. (a) A supplier may not commit an unfair,
30 abusive, or deceptive act, omission, or practice in connection with a
31 consumer transaction. Such an act, omission, or practice by a supplier
32 is a violation of this chapter whether it occurs before, during, or after
33 the transaction. An act, omission, or practice prohibited by this section
34 includes both implicit and explicit misrepresentations.

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

39 (1) That such subject of a consumer transaction has sponsorship,
40 approval, performance, characteristics, accessories, uses, or
41 benefits it does not have which the supplier knows or should

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- 1 reasonably know it does not have.
- 2 (2) That such subject of a consumer transaction is of a particular
- 3 standard, quality, grade, style, or model, if it is not and if the
- 4 supplier knows or should reasonably know that it is not.
- 5 (3) That such subject of a consumer transaction is new or
- 6 unused, if it is not and if the supplier knows or should reasonably
- 7 know that it is not.
- 8 (4) That such subject of a consumer transaction will be supplied
- 9 to the public in greater quantity than the supplier intends or
- 10 reasonably expects.
- 11 (5) That replacement or repair constituting the subject of a
- 12 consumer transaction is needed, if it is not and if the supplier
- 13 knows or should reasonably know that it is not.
- 14 (6) That a specific price advantage exists as to such subject of a
- 15 consumer transaction, if it does not and if the supplier knows or
- 16 should reasonably know that it does not.
- 17 (7) That the supplier has a sponsorship, approval, or affiliation
- 18 in such consumer transaction the supplier does not have, and
- 19 which the supplier knows or should reasonably know that the
- 20 supplier does not have.
- 21 (8) That such consumer transaction involves or does not involve
- 22 a warranty, a disclaimer of warranties, or other rights, remedies,
- 23 or obligations, if the representation is false and if the supplier
- 24 knows or should reasonably know that the representation is false.
- 25 (9) That the consumer will receive a rebate, discount, or other
- 26 benefit as an inducement for entering into a sale or lease in
- 27 return for giving the supplier the names of prospective
- 28 consumers or otherwise helping the supplier to enter into other
- 29 consumer transactions, if earning the benefit, rebate, or discount
- 30 is contingent upon the occurrence of an event subsequent to the
- 31 time the consumer agrees to the purchase or lease.
- 32 (10) That the supplier is able to deliver or complete the subject
- 33 of the consumer transaction within a stated period of time, when
- 34 the supplier knows or should reasonably know the supplier could
- 35 not. If no time period has been stated by the supplier, there is a
- 36 presumption that the supplier has represented that the supplier
- 37 will deliver or complete the subject of the consumer transaction
- 38 within a reasonable time, according to the course of dealing or
- 39 the usage of the trade.
- 40 (11) That the consumer will be able to purchase the subject of
- 41 the consumer transaction as advertised by the supplier, if the

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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 is outside the calling area covered by the local telephone directory; and

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

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- 1 (28) A violation of IC 24-5-15 (concerning credit services
2 organizations), as set forth in IC 24-5-15-11.
- 3 (29) A violation of IC 24-5-16 (concerning unlawful motor
4 vehicle subleasing), as set forth in IC 24-5-16-18.
- 5 (30) A violation of IC 24-5-17 (concerning environmental
6 marketing claims), as set forth in IC 24-5-17-14.
- 7 (31) A violation of IC 24-5-19 (concerning deceptive
8 commercial solicitation), as set forth in IC 24-5-19-11.
- 9 (32) A violation of IC 24-5-21 (concerning prescription drug
10 discount cards), as set forth in IC 24-5-21-7.
- 11 (33) A violation of IC 24-5-23.5-7 (concerning real estate
12 appraisals), as set forth in IC 24-5-23.5-9.
- 13 (34) A violation of IC 24-5-26 (concerning identity theft), as set
14 forth in IC 24-5-26-3.
- 15 (35) A violation of ~~IC 24-5-5~~ **IC 37-4** (concerning mortgage
16 rescue fraud), as set forth in ~~IC 24-5-5-6-1~~ **IC 37-4-5-1**.
- 17 (36) A violation of IC 24-8 (concerning promotional gifts and
18 contests), as set forth in IC 24-8-6-3.
- 19 (37) A violation of IC 21-18.5-6 (concerning representations
20 made by a postsecondary credit bearing proprietary educational
21 institution), as set forth in IC 21-18.5-6-22.5.
- 22 (38) A violation of IC 24-5-15.5 (concerning collection actions
23 of a plaintiff debt buyer), as set forth in IC 24-5-15.5-6.
- 24 (39) A violation of IC 24-14 (concerning towing services), as set
25 forth in IC 24-14-10-1.
- 26 (40) A violation of IC 24-5-14.5 (concerning misleading or
27 inaccurate caller identification information), as set forth in
28 IC 24-5-14.5-12.
- 29 (41) A violation of IC 24-5-27 (concerning intrastate inmate
30 calling services), as set forth in IC 24-5-27-27.
- 31 (42) A violation of IC 15-21 (concerning sales of dogs by retail
32 pet stores), as set forth in IC 15-21-7-4.
- 33 (43) A violation of IC 24-4-23 (concerning the security of
34 information collected and transmitted by an adult oriented
35 website operator), as set forth in IC 24-4-23-14.
- 36 (c) Any representations on or within a product or its packaging or
37 in advertising or promotional materials which would constitute a
38 deceptive act shall be the deceptive act both of the supplier who places
39 such representation thereon or therein, or who authored such materials,
40 and such other suppliers who shall state orally or in writing that such
41 representation is true if such other supplier shall know or have reason

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1 to know that such representation was false.

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

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

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

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

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

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

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

41 "You, the buyer, may cancel this contract at any time before

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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

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1 documents are signed.

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

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

8 (1) that regularly engages in Indiana in the extension of
9 mortgage loans that are subject to a credit service charge or loan
10 finance charge, as applicable, or are payable by written
11 agreement in more than four (4) installments (not including a
12 down payment); and

13 (2) to whom the obligation arising from a mortgage loan is
14 initially payable, either on the face of the note or contract, or by
15 agreement if there is not a note or contract.

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

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

20 (2) ~~IC 24-9-2-6(b)~~ **IC 37-5-2-6(b)**.

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

27 (b) The term includes the following:

28 (1) A home loan subject to ~~IC 24-9-~~ **IC 37-5**.

29 (2) A loan described in ~~IC 24-9-1-1~~, **IC 37-5-1-1**, to the extent
30 allowed under federal law.

31 (3) A first lien mortgage transaction (as defined in
32 ~~IC 24-4.4-1-301~~) **IC 37-1-2** subject to ~~IC 24-4.4-~~ **IC 37-1**.

33 (4) A consumer credit sale subject to ~~IC 24-4.5-2~~ **IC 37-2-3** in
34 which a mortgage (or another equivalent consensual security
35 interest) that constitutes a lien is created or retained against an
36 interest in real property in Indiana.

37 (5) A consumer loan subject to ~~IC 24-4.5-3~~ **IC 37-2-4** in which
38 a mortgage (or another equivalent consensual security interest)
39 that constitutes a lien is created or retained against an interest in
40 real property in Indiana.

41 (6) A loan in which a mortgage (or another equivalent

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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 household purposes; and

(C) that is classified as residential for property tax purposes.

The term includes a loan that is secured by land in Indiana upon which there is a dwelling that is purchased by or through the borrower for investment or other business purposes.

(c) The term does not include a land contract.

SECTION 31. IC 24-5-23.6-1, AS ADDED BY P.L.115-2010, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) As used in this chapter, "creditor" means:

(1) a person:

(A) that engages in Indiana in the extension of mortgages 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

(B) to whom the obligation arising from a mortgage is initially payable, either on the face of the note or contract, or by agreement if there is not a note or contract; or

(2) a person who brokers a mortgage, including a person who:

(A) directly or indirectly solicits, processes, places, or negotiates mortgages for others;

(B) offers to solicit, process, place, or negotiate mortgages for others; or

(C) closes mortgages that may be in the person's own name with funds provided by others and that are thereafter assigned to the person providing funding for the mortgages.

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

~~IC 24-9-2-6(b).~~ **IC 37-5-2-6(b).**

SECTION 32. IC 24-5-23.6-7, AS AMENDED BY P.L.89-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) As used in this chapter, "mortgage" means a sale or loan, or the refinancing or consolidation of a sale or loan, in which a first mortgage deed of (or another equivalent consensual security interest) that constitutes a first lien, is created or retained against land that is located in Indiana and upon which there is a dwelling that is or will be used by the debtor primarily for personal,

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1 family, or household purposes.

2 (b) The term includes any of the following that meets the
3 conditions set forth in subsection (a):

4 (1) A home loan subject to ~~IC 24-9-~~ **IC 37-5.**

5 (2) A loan described in ~~IC 24-9-1-1,~~ **IC 37-5-1-1**, to the extent
6 allowed under federal law.

7 (3) A first lien mortgage transaction (as defined in
8 ~~IC 24-4.4-1-301)~~ **IC 37-1-2)** subject to ~~IC 24-4.4-~~ **IC 37-1.**

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

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

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

22 SECTION 34. IC 24-5.5 IS REPEALED [EFFECTIVE JULY 1,
23 2026]. (Mortgage Rescue Protection Fraud).

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

28 (1) the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.)
29 and regulations adopted under that act;

30 (2) ~~IC 24-4.5;~~ **IC 37-2;**

31 (3) IC 26-1-1-201(37);

32 (4) IC 26-1-2 concerning the creation of a security interest in
33 property;

34 (5) IC 26-1-9.1; and

35 (6) rules adopted under the statutes described in subdivisions (2)
36 through (5);

37 do not apply to a rental purchase agreement.

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

41 (1) motor vehicles (as defined in IC 9-13-2-105(a)), including:

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- 1 (A) component parts (as defined in IC 9-13-2-34);
 2 (B) major component parts (as defined in IC 9-13-2-95);
 3 and
 4 (C) any other parts (as defined in IC 9-13-2-122) other than:
 5 (i) wheels;
 6 (ii) rims; and
 7 (iii) tires;
 8 necessary to operate a motor vehicle;
 9 (2) other titled property; or
 10 (3) live domestic animals (as defined in IC 34-30-30-1);
 11 are prohibited under this article.
 12 (b) If the director determines that a transaction described in
 13 IC 24-7-2-9(a) involves the application of subterfuge for the purpose
 14 of avoiding the application of the Uniform Consumer Credit Code
 15 (~~IC 24-4-5~~), (**IC 37-2**), the director may treat the transaction as a
 16 disguised consumer credit sale that is subject to ~~IC 24-4-5~~. **IC 37-2**. A
 17 determination by the director under this subsection:
 18 (1) must be in writing;
 19 (2) shall be delivered to all parties in the transaction; and
 20 (3) is subject to IC 4-21.5-3.
 21 SECTION 37. IC 24-7-1-7, AS ADDED BY P.L.89-2011,
 22 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2026]: Sec. 7. This article does not apply to the rental
 24 purchase of a dwelling (as defined in ~~IC 24-4-4-1-301(11)~~);
 25 **IC 37-1-2-15**), regardless of whether the dwelling is assessed as real
 26 or personal property for property tax purposes.
 27 SECTION 38. IC 24-7-2-2 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. "Department" has the
 29 meaning set forth in ~~IC 24-4-5-6-103~~. **IC 37-2-2-15.7**.
 30 SECTION 39. IC 24-7-2-2.5, AS ADDED BY P.L.159-2017,
 31 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2026]: Sec. 2.5. "Consumer Credit Protection Act" has the
 33 meaning set forth in ~~IC 24-4-5-1-302~~. **IC 37-2-2-11**.
 34 SECTION 40. IC 24-7-6-4 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) ~~IC 24-4-5-5-105~~
 36 **and IC 24-4-5-5-106 IC 37-2-6-4 and IC 37-2-6-5** apply to
 37 garnishments related to a rental purchase agreement.
 38 (b) With respect to a debt arising from a rental purchase
 39 agreement, regardless of where made, the lessor may not attach unpaid
 40 earnings of the debtor by garnishment proceedings or other similar
 41 proceedings before the entry of a judgment in an action against the

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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

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- 1 by the office.
- 2 (b) The fund consists of:
- 3 (1) appropriations made to the fund by the general assembly;
- 4 (2) grants, gifts, and donations intended for deposit in the fund;
- 5 and
- 6 (3) at the discretion of the office, money recovered or received
- 7 by the office for consumer protection purposes if use of the
- 8 money is not otherwise restricted.
- 9 (c) Money in the fund may be used to make payments to qualifying
- 10 individuals who file qualifying claims with the office in connection
- 11 with a case involving a violation by one (1) or more other persons of
- 12 any of the following statutes, including rules adopted under the
- 13 authority of the following statutes:
- 14 (1) IC 24-4.7 (concerning telephone solicitation of consumers)
- 15 if the case concerns a violation involving telephone solicitations
- 16 made in connection with any practice or transaction governed by
- 17 a statute described in subdivisions (2) through (4).
- 18 (2) IC 24-5-15 (concerning credit services organizations).
- 19 (3) ~~IC 24-5-5~~ **IC 37-4** (concerning mortgage rescue fraud).
- 20 (4) ~~IC 24-9~~ **IC 37-5** (concerning home loan practices).
- 21 (d) The expenses of administering the fund shall be paid from
- 22 money in the fund.
- 23 (e) The treasurer of state shall invest the money in the fund not
- 24 currently needed to meet the obligations of the fund in the same
- 25 manner as other public money may be invested. Interest that accrues
- 26 from these investments shall be deposited in the fund.
- 27 (f) Money in the fund at the end of a state fiscal year does not
- 28 revert to the state general fund.
- 29 SECTION 44. IC 24-12-5-1, AS AMENDED BY P.L.176-2019,
- 30 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31 JULY 1, 2026]: Sec. 1. (a) The department of financial institutions may
- 32 enforce this article.
- 33 (b) With respect to CPAP transactions and CPAP providers, the
- 34 department has all powers of administration, investigation, and
- 35 enforcement set forth in:
- 36 (1) ~~IC 24-4.5-6~~; **IC 37-2-7**; and
- 37 (2) IC 28-11-4;
- 38 including the authority to levy a civil penalty.
- 39 SECTION 45. IC 25-11-1-2, AS AMENDED BY P.L.159-2017,
- 40 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 41 JULY 1, 2026]: Sec. 2. The term "collection agency" does not include

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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

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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.

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(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

(B) validity, enforceability, and priority of the lien of the mortgage on;

the party's interest in land.

(2) Failure to comply with the written closing instructions agreed to by the company or title insurance producer acting as the settlement agent, only to the extent that the failure relates to the:

(A) status of title to; or

(B) validity, enforceability, and priority of the lien of the mortgage on;

the party's interest in land.

(d) The issuance of a closing protection letter under this section in contemplation of or in conjunction with the issuance of a title insurance policy is part of the business of title insurance for purposes of section 3 of this chapter.

(e) The amount of the fee that a company authorized to do business under section 3 of this chapter charges to each party receiving the benefits of a closing protection letter:

(1) must be submitted to and approved by the commissioner under IC 27-1-22-28; and

(2) is not subject to an agreement requiring a division of fees or premiums collected on behalf of the company.

(f) Subsection (a) applies to the following transactions:

(1) A mortgage transaction (as defined in ~~IC 24-9-3-7(a)~~)

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1 **IC 37-5-3-7(a))** that:

2 (A) is:

- 3 (i) a first lien purchase money mortgage transaction; or
 4 (ii) a refinancing transaction; and

5 (B) is closed by a closing agent after December 31, 2009.

6 (2) A real estate transaction (as defined in ~~IC 24-9-3-7(b))~~

7 **IC 37-5-3-7(b))** that:

8 (A) does not involve a mortgage transaction described in
 9 subdivision (1); and

10 (B) is closed by a closing agent (as defined in
 11 IC 6-1.1-12-43(a)(2)) after December 31, 2011.

12 SECTION 53. IC 28-1-1-3, AS AMENDED BY P.L.137-2014,
 13 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2026]: Sec. 3. Unless a different meaning is required by the
 15 context, the following definitions apply throughout this article:

16 (1) "Financial institution" means any bank, trust company,
 17 corporate fiduciary, savings association, credit union, savings
 18 bank, bank of discount and deposit, or industrial loan and
 19 investment company organized or reorganized under the laws of
 20 this state, and includes licensees under ~~IC 24-4.4, IC 24-4.5,~~
 21 **IC 37-1, IC 37-2,** and 750 IAC 9.

22 (2) "Bank" or "bank or trust company" means a financial
 23 institution organized or reorganized as a bank, bank of discount
 24 and deposit, or trust company under the laws of this state with
 25 the express power to receive and accept deposits of money
 26 subject to withdrawal by check, and possessing such other rights
 27 and powers granted by the provisions of this article in express
 28 terms or by implication. The term "bank" or "bank or trust
 29 company" does not include a savings association, credit union,
 30 or industrial loan and investment company.

31 (3) "Domestic corporation" means a corporation formed under
 32 the laws of this state, and "foreign corporation" means every
 33 other corporation.

34 (4) "Articles of incorporation" includes both the original articles
 35 of incorporation and any and all amendments thereto, except
 36 where the original articles of incorporation only are expressly
 37 referred to, and includes articles of merger and consolidation,
 38 and, in the case of corporations organized before July 1, 1933,
 39 articles of reorganization, and all amendments thereto.

40 (5) "Incorporator" means one (1) of the signers of the original
 41 articles of incorporation.



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- 1 (6) "Subscriber" means one who subscribes for shares of stock
 2 in a financial institution.
 3 (7) "Shareholder" means one who is a holder of record of shares
 4 of stock in a financial institution.
 5 (8) "Capital stock" means the aggregate amount of the par value
 6 of all shares of capital stock.
 7 (9) "Capital" means the aggregate amount paid in on the shares
 8 of capital stock of a financial institution issued and outstanding.
 9 (10) "Capital and surplus" or "unimpaired capital and
 10 unimpaired surplus" has the meaning set forth in 12 CFR 32.2.
 11 (11) "Assets" includes all of the property and rights of every kind
 12 of a financial institution, and the term "fixed assets" means such
 13 assets as are not intended to be sold or disposed of in the
 14 ordinary course of business.
 15 (12) "Principal office" means that office maintained by the
 16 financial institution in this state, the address of which is required
 17 by the provisions of this article to be kept on file in the office of
 18 the secretary of state.
 19 (13) "Subscription" means any written agreement or undertaking,
 20 accepted by a financial institution, for the purchase of shares of
 21 capital stock in the financial institution.
 22 (14) "Department" means the department of financial
 23 institutions.
 24 (15) "Member" means a member of the department of financial
 25 institutions.
 26 (16) "Branch" means any office, agency, mobile unit, messenger
 27 service, or other place of business at which deposits are received,
 28 checks paid, or money lent. The term does not include:
 29 (A) the principal office of a bank;
 30 (B) the principal office of an affiliate;
 31 (C) a branch of an affiliate;
 32 (D) an automated teller machine;
 33 (E) a night depository;
 34 (F) a temporary facility authorized in IC 28-2-13-22.5;
 35 (G) a loan production office;
 36 (H) a deposit production office; or
 37 (I) other service delivery mechanisms not considered by the
 38 director to be a branch.
 39 (17) "Subsidiary" means any foreign or domestic corporation or
 40 limited liability company in which the parent bank, savings
 41 bank, savings association, or industrial loan and investment

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company had at least eighty percent (80%) ownership before July 1, 1999, or is formed or acquired in accordance with IC 28-13-16 after June 30, 1999.

(18) "Savings bank" means a financial institution that:

(A) was organized, reorganized, or operating under IC 28-6 (before its repeal) before January 1, 1993;

(B) is formed as the result of a conversion under:

(i) IC 28-1-21.7;

(ii) IC 28-1-21.8;

(iii) IC 28-1-21.9; or

(iv) IC 28-1-30; or

(C) is incorporated under IC 28-12.

(19) "Corporate fiduciary" means a financial institution whose primary business purpose is to engage in the trust business (as defined in IC 28-14-1-8) and the execution and administration of fiduciary accounts as a nondepository trust company incorporated under Indiana law.

SECTION 54. IC 28-1-2-6.5, AS AMENDED BY P.L.176-2019, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6.5. (a) A financial institution (as defined in IC 28-1-1-3(1)), except for a licensee under ~~IC 24-4.4, IC 24-4.5,~~ **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:

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(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.

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- 1 The term does not include an affiliate of the person.
- 2 (c) As used in this section, "personal information" includes any of
- 3 the following:
- 4 (1) An individual's first and last names or first initial and last
- 5 name.
- 6 (2) Any of the following data elements:
- 7 (A) A Social Security number.
- 8 (B) A driver's license number.
- 9 (C) A state identification card number.
- 10 (D) A credit card number.
- 11 (E) A financial account number or debit card number.
- 12 (3) With respect to an individual, any of the following:
- 13 (A) Address.
- 14 (B) Telephone number.
- 15 (C) Information concerning the individual's:
- 16 (i) income or other compensation;
- 17 (ii) credit history;
- 18 (iii) credit score;
- 19 (iv) assets;
- 20 (v) liabilities; or
- 21 (vi) employment history.
- 22 (d) As used in this section, personal information is "encrypted" if
- 23 the personal information:
- 24 (1) has been transformed through the use of an algorithmic
- 25 process into a form in which there is a low probability of
- 26 assigning meaning without use of a confidential process or key;
- 27 or
- 28 (2) is secured by another method that renders the personal
- 29 information unreadable or unusable.
- 30 (e) As used in this section, personal information is "redacted" if
- 31 the personal information has been altered or truncated so that not more
- 32 than the last four (4) digits of:
- 33 (1) a Social Security number;
- 34 (2) a driver's license number;
- 35 (3) a state identification number; or
- 36 (4) an account number;
- 37 are accessible as part of the personal information.
- 38 (f) As used in this section, "personal records" means any records
- 39 that:
- 40 (1) are maintained, whether as a paper record or in an electronic
- 41 or a computerized form, by a person to whom this section

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- 1 applies; and
 2 (2) contain the unencrypted, unredacted personal information of
 3 one (1) or more customers or potential customers.
 4 (g) A person to whom this section applies shall keep and handle
 5 personal records in a manner that:
 6 (1) reasonably safeguards the personal records from destruction,
 7 theft, or other loss; and
 8 (2) protects the personal records from misuse.
 9 (h) If a breach of the security of any personal records occurs, the
 10 person maintaining the records is subject to the disclosure requirements
 11 under IC 24-4.9-3, unless the person is exempt from the disclosure
 12 requirements under IC 24-4.9-3-4.
 13 (i) A person to whom this section applies may not dispose of
 14 personal records without first:
 15 (1) shredding, incinerating, or mutilating the personal records;
 16 or
 17 (2) erasing or otherwise rendering illegible or unusable the
 18 personal information contained in the records.
 19 (j) If a person to whom this section applies ceases doing business,
 20 the person shall, as part of the winding up of the business, safeguard
 21 any personal records maintained by the person in accordance with this
 22 section until such time as the person is entitled or required to destroy
 23 the records under:
 24 (1) applicable law; or
 25 (2) the person's own records maintenance policies.
 26 (k) A person to whom this section applies shall provide at the
 27 person's cost any records that the director considers relevant or material
 28 to an examination, investigation, or other matter under consideration
 29 by the department.
 30 SECTION 57. IC 28-1-3.1-2, AS AMENDED BY P.L.176-2019,
 31 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2026]: Sec. 2. (a) The department may take possession of the
 33 business and property of any financial institution except a creditor
 34 licensed to make supervised or regulated loans under ~~IC 24-4.5,~~
 35 **IC 37-2**, whenever it appears to the department that the financial
 36 institution:
 37 (1) is insolvent or in imminent danger of insolvency;
 38 (2) is in an unsafe or unsound condition;
 39 (3) has refused to pay its deposits or obligations in accordance
 40 with the terms under which those deposits or obligations were
 41 incurred;

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(4) has refused to submit its records and affairs for inspection or examination by the department or federal authorities;

(5) has violated any court order, statute, rule, or regulation of the department or its articles of incorporation and that continued control of its own affairs threatens injury to the public, the financial community, its depositors, or other creditors;

(6) requests through its board of directors that the department take possession for the benefit of depositors, other creditors, shareholders, or other persons;

(7) has an impairment of its capital (the capital of a bank or trust company shall, for the purpose of this subdivision, be considered to be unimpaired so long as the sound value of its assets over and above its liabilities, exclusive of liabilities for capital notes, debentures, and capital stock, as determined by the department, equals or exceeds the minimum capital or capital stock required by the department for a bank or trust company);

(8) has neglected or refused, for a period of thirty (30) days, to comply with the terms of a duly issued order of the department, essential to preserve the solvency of the financial institution;

(9) has failed to pay the fees charged by the department under IC 28-11-3-5 after due notice of the amount of the fee has been given;

(10) has breached a fiduciary duty under IC 30-4-3-6; or

(11) has violated IC 30-4-3-7 in a way that has caused or may cause harm to fiduciary accounts.

(b) When the department makes a determination to take possession 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.

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SECTION 59. IC 28-2-18-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24. (a) An out-of-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;

(C) the direct obligations of a civil or school county, township, city, town, other taxing district, or municipality of Indiana;

(D) a special taxing district in Indiana;

(E) issued by or in the name of:

(i) the trustees of Indiana University;

(ii) the trustees of Purdue University;

(iii) the trustees of Ball State University;

(iv) the trustees of Indiana State University; or

(v) the Indiana finance authority;

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(F) issued by or in the name of any municipality of Indiana and payable from the revenues to be derived from the operation of facilities for the production or distribution of water, electricity, gas, or from the operation of sewage works; or

(G) the obligations of any Indiana toll road commission, public library, or schoolhouse holding corporation first mortgage bonds;

which district, municipality, taxing unit, or corporation is not then in default in the payment of either principal or interest on any of its funded obligations and has not so defaulted for a period of more than six (6) months within the five (5) year period immediately preceding the purchase of the securities.

(7) To invest in bonds, notes, or debentures rated in one (1) of the first four (4) classifications established by one (1) or more standard rating services specified by the department that satisfy requirements of marketability prescribed periodically by the department that are the obligations of a person, a firm, a limited liability company, a corporation, a state, a territory, an insular possession of the United States, or a county, township, town, city, taxing district, or municipality thereof which is not then in default in the payment of either principal or interest on any of its funded obligations and has not so defaulted within the five (5) year period immediately preceding the purchase of the securities and other investment securities prescribed by the department by rule. As used in this section, the term "investment securities" means marketable obligations evidencing indebtedness of a person, firm, limited liability company, or corporation in the form of bonds, notes, or debentures commonly known as "investment securities" and the definition of the term "investment securities" prescribed by the department by rule. Except as is otherwise provided in this chapter or otherwise permitted by law, nothing contained in this subdivision authorizes the purchase by an industrial loan and investment company of shares of stock or other securities, unless the purchase is necessary to prevent loss under a debt previously contracted in good faith and stocks or other securities so purchased or acquired shall, within six (6) months from the time of its purchase, be sold or disposed of at public or private sale, unless otherwise ordered by the department.

(8) To invest in bonds or debentures issued under and by the

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1 authority of the Federal Home Loan Bank Act (12 U.S.C. 1421
2 through 1429), or of the Home Owners' Loan Act (12 U.S.C.
3 1461 through 1468), or obligations issued by or for farm credit
4 banks, and banks for cooperatives under the Farm Credit Act of
5 1971 (12 U.S.C. 2001 through 2279aa-14).

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

16 (10) To make loans and advances of credit and purchases of
17 obligations representing loans and advances of credit as are
18 eligible for insurance by the federal housing administrator, and
19 to obtain insurance from the administrator.

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

22 (A) the mortgage is insured by the federal housing
23 administrator; or

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

27 (12) To purchase, invest in, and dispose of notes or bonds
28 secured by mortgage or trust deed insured by the federal housing
29 administrator or debentures issued by the federal housing
30 administrator, or bonds or other securities insured by national
31 mortgage associations.

32 (13) To discount, purchase, or otherwise acquire charge
33 accounts, and drafts and bills of exchange evidencing charge
34 accounts and to impose and collect monthly service charges and
35 maintenance charges on charge accounts, drafts, or bills of
36 exchange which are owned or acquired in amounts agreed upon
37 between the company and the obligor, or obligors, on charge
38 accounts, drafts, and bills of exchange.

39 (14) To purchase or otherwise acquire property, real or personal,
40 tangible or intangible, in which the company has a security
41 interest to secure a debt owing to the company contracted in

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good faith or the purchase or acquisition of which property is considered expedient to prevent loss from a debt owing to the company contracted in good faith, and for such purpose to engage in any lawful business considered necessary or expedient by the company to preserve, protect, or make saleable the property. Property thus purchased or acquired shall be sold and disposed of within two (2) years, or a longer period permitted by the department, after the purchase or acquisition.

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

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

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

(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

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1 acquired as security for the payment of the loans and advances.

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

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

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

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

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

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

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

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

40 (3) Loans may be made upon the security of improved or
41 unimproved real estate. Except as otherwise specified in this

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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:

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(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

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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.

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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



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(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 licensee.

(B) The power to elect or appoint a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee.

(C) The power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or of a person in control of a licensee. For purposes of this clause, a person is presumed to exercise a controlling influence if the person holds the power to vote, directly or indirectly, at least ten percent (10%) of the outstanding voting shares or voting interests of a licensee or of a person in control of a licensee, subject to the person's right to rebut the presumption if the person is a passive investor.

For purposes of this subdivision, the percentage of a person controlled by any other person is determined by aggregating the other person's interest with the interest of any other immediate family member of that person, including the person's spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sons-in-law and daughters-in-law, and any other person who shares the person's home.

(4) "Department" refers to the members of the department of financial institutions.

(5) "Director" refers to the director of the department appointed under IC 28-11-2-1.

(6) "Earned but unpaid income", with respect to a consumer, means salary, wages, compensation, or other income that:

(A) the consumer represents, and a provider reasonably determines, has been earned by, or has accrued to the benefit of, the consumer in exchange for the consumer's provision of services to an employer or on behalf of an employer, including the provision of services by the consumer:

(i) on an hourly, project based, piecework, or other basis; and

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

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- 1 (ii) other delivery;
 2 of proceeds to a consumer.
 3 (B) A subscription or membership fee imposed by a
 4 provider for a bona fide group of services that include
 5 earned wage access services.
 6 (C) An amount that:
 7 (i) is paid by an employer to a provider on a
 8 consumer's behalf; and
 9 (ii) entitles the consumer to receive proceeds at
 10 reduced or no cost to the consumer.
 11 The term does not include a voluntary tip, gratuity, or donation
 12 paid to a provider.
 13 (12) "Individual" means a natural person.
 14 (13) "Key individual" means an individual ultimately responsible
 15 for establishing or directing policies and procedures of a
 16 licensee, such as an executive officer, manager, director, or
 17 trustee.
 18 (14) "Licensee" means a person licensed under this chapter.
 19 (15) "NMLSR" means the Nationwide Multistate Licensing
 20 System and Registry:
 21 (A) developed by the Conference of State Bank Supervisors
 22 and the American Association of Residential Mortgage
 23 Regulators; and
 24 (B) owned and operated by the State Regulatory Registry,
 25 LLC, or by any successor or affiliated entity;
 26 for the licensing and registry of persons in financial services
 27 industries.
 28 (16) "Outstanding proceeds" means proceeds that:
 29 (A) have been paid to a consumer by a provider; and
 30 (B) have not yet been repaid to the provider.
 31 (17) "Passive investor" means a person that:
 32 (A) does not have the power to elect a majority of key
 33 individuals or executive officers, managers, directors,
 34 trustees, or other persons exercising managerial authority
 35 over a person in control of a licensee;
 36 (B) is not employed by and does not have any managerial
 37 duties with respect to the licensee or a person in control of
 38 the licensee;
 39 (C) does not have the power to exercise, directly or
 40 indirectly, a controlling influence over the management or
 41 policies of the licensee or a person in control of the

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licensee; and

(D) either:

(i) attests to as facts the characteristics of passivity set forth in clauses (A) through (C), in a form and by a medium prescribed by the director; or

(ii) commits to the characteristics of passivity set forth in clauses (A) through (C) in a written document.

(18) "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation, or other corporate entity, as so identified by the director.

(19) "Proceeds" means a payment that:

(A) is made to a consumer by a provider; and

(B) is based on earned but unpaid income.

(20) "Provider" means a person in the business of offering and providing earned wage access services to consumers. The term does not include the following:

(A) A service provider that is not contractually obligated to fund proceeds delivered as part of the earned wage access services, such as a payroll service provider that verifies a consumer's available earnings.

(B) An employer that offers a portion of salary, wages, compensation, or other income directly to its employees or independent contractors before the normally scheduled pay date.

(C) An entity that offers or provides earned wage access services and reports a consumer's payment or nonpayment of either outstanding proceeds of the earned wage access services or fees, voluntary tips, gratuities, or other donations in connection with the earned wage access services to a consumer reporting agency (as defined in the Federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.)).

(21) "Small loan" has the meaning set forth in ~~IC 24-4.5-7-104~~.
IC 37-3-2-10.

SECTION 65. IC 28-8-6-503, AS ADDED BY P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 503. (a) The department shall receive and act on all applications for licenses to offer or provide earned wage access services. Applications must be made as prescribed by the director. If, at any time, the information or record contained in:

(1) an application filed under this section; or



(2) a renewal application filed under section 506 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 may not be issued unless the department finds that the professional training and experience, financial responsibility, character, and fitness of:

(1) 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.

(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 must include:

(1) criminal background checks, as described in section 504 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 504 of this chapter;

(3) surety bond requirements as described in section 505 of this chapter;

(4) a review of licensure actions in Indiana and in 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 has 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

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submitted for the benefit of, or on behalf of, a person who does not qualify for a license.

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

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

(2) Examination fees as established by the department under IC 28-11-3-5, which shall not exceed one hundred dollars (\$100) per hour. Until the department establishes an examination fee 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

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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

(iv) general location;

as any option to obtain proceeds that has a fee associated with it;

(D) ensure that any option to obtain proceeds that has a fee associated with the delivery of the proceeds is not the default option;

(E) ensure that if a consumer elects to not pay a tip, gratuity, or other donation, any fee amount charged to the consumer as part of an earned wage access services transaction is not increased because of the consumer's decision to not pay a tip, gratuity, or other donation; and

(F) ensure that, if a consumer elects a no cost option, initiate the delivery of the proceeds to the consumer not later than one (1) business day after the consumer initiates an earned wage access services transaction with the provider.

(3) Before entering into an agreement with a consumer to provide earned wage access services, do both of the following:

(A) Inform the consumer of the consumer's rights under the agreement.

(B) Fully and clearly disclose all fees associated with the earned wage access services to be provided.

(4) Inform the consumer of the fact of or obtain the consent of

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the consumer to any material changes to the terms and conditions of the earned wage access services before implementing those changes for that consumer.

(5) Allow the consumer to cancel use of the provider's earned wage access services:

(A) at any time; and

(B) without incurring a cancellation fee imposed by the provider.

(6) Comply with all applicable local, state, and federal privacy and information security laws.

(7) If the provider solicits, charges, or receives a tip, gratuity, or other donation from a consumer:

(A) clearly and conspicuously disclose to the consumer immediately before each transaction that a tip, gratuity, or other donation:

(i) is voluntary; and

(ii) may be in the amount of zero dollars (\$0); and

(B) clearly and conspicuously disclose in the provider's service contract with the consumer that tips, gratuities, or other donations are voluntary and that the offering of earned wage access services, including:

(i) the amount of proceeds that a consumer is eligible to request;

(ii) the frequency with which proceeds are provided to a consumer; and

(iii) the level or cost of any service provided to the consumer in connection with an earned wage access services transaction;

is not contingent on whether the consumer pays any tip, gratuity, or other donation, or on the amount of the tip, gratuity, or other donation.

(8) Provide proceeds to a consumer by any means mutually agreed upon by the provider and the consumer.

(9) If the provider seeks repayment of outstanding proceeds or the payment of fees or other amounts owed (including voluntary tips, gratuities, or other donations) in connection with earned wage access services provided under this chapter from a consumer's deposit account, including by means of electronic funds transfer, the provider must do the following:

(A) Comply with applicable provisions of the federal Electronic Funds Transfer Act (15 U.S.C. 1693 et seq.).

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(B) Reimburse the consumer for the full amount of any overdraft or nonsufficient funds fees that are imposed on the consumer by the consumer's depository financial institution if the overdraft or nonsufficient funds fees resulted from the provider's attempt to seek payment of any outstanding proceeds, fees, or other amounts (including voluntary tips, gratuities, or other donations) under this chapter:

(i) on a date before; or

(ii) in an incorrect amount from;

the date or amount disclosed to the consumer. However, a provider is not subject to the requirements of this clause with respect to the payment of any outstanding proceeds, fees, or other amounts incurred by a consumer through fraudulent or other unlawful means.

(10) Ensure that the provider's software application does not do any of the following:

(A) Subject a user of the software application to unsolicited electronic mail advertisements or surveys, if the user has elected to not receive electronic mail advertisements or surveys, as required by 15 U.S.C. 7701-7713.

(B) Subject a user of the software application to unsolicited electronic advertisements or surveys, based on the individual user's:

(i) use of the provider's software application;

(ii) location; or

(iii) behavior;

if the user has elected to not receive the electronic advertisements or surveys.

(C) Display an unsolicited electronic notification to a user of the software application unless the user has elected to receive electronic notifications.

(D) Access a user's location, except for purposes of verifying that a user is located in Indiana at the time the user creates an account with the provider, unless the user has authorized the provider's software application to access the user's location.

(11) Ensure that any data that the provider receives under subdivision (10) is not sold or shared, except as follows:

(A) In connection with a law enforcement investigation or legal proceeding.

(B) As necessary to provide earned wage access services to

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- 1 the user.
- 2 (C) The user authorizes the provider to sell or share the
- 3 data.
- 4 (12) Sell consumer data to a lender (as defined in
- 5 ~~IC 24-4.5-7-111~~) **IC 37-3-2-5**) licensed under ~~IC 24-4.5-7-~~
- 6 **IC 37-3.**
- 7 (13) Share consumer data with a lender (as defined in
- 8 ~~IC 24-4.5-7-111~~) **IC 37-3-2-5**) licensed under ~~IC 24-4.5-7-~~
- 9 **IC 37-3.**
- 10 SECTION 67. IC 28-8-6-802, AS ADDED BY P.L.222-2025,
- 11 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 12 JULY 1, 2026]: Sec. 802. A provider required to be licensed under this
- 13 chapter shall not do any of the following:
- 14 (1) Share with an employer a portion of any:
- 15 (A) fees; or
- 16 (B) voluntary tips, gratuities, or other donations;
- 17 received from or charged to a consumer for earned wage access
- 18 services.
- 19 (2) Use a consumer's credit score from a consumer report (as
- 20 defined in IC 24-5-24-2) to determine:
- 21 (A) a consumer's eligibility for earned wage access services;
- 22 (B) the amount of proceeds that a consumer is eligible to
- 23 request or receive in an earned wage access services
- 24 transaction; or
- 25 (C) the frequency with which proceeds may be provided to
- 26 a consumer through earned wage access services
- 27 transactions.
- 28 (3) Accept payment of outstanding proceeds, fees, or voluntary
- 29 tips, gratuities, or other donations by means of a credit card (as
- 30 defined in IC 24-5-27.5-3).
- 31 (4) Charge or collect a late fee, a deferral fee, interest, or any
- 32 other charge or penalty for a consumer's failure to pay
- 33 outstanding proceeds, fees, or voluntary tips, gratuities, or other
- 34 donations.
- 35 (5) Compel or attempt to compel a consumer to pay to the
- 36 provider any outstanding proceeds, fees, or voluntary tips,
- 37 gratuities, or other donations through any of the following
- 38 means:
- 39 (A) The use of unsolicited outbound telephone calls to the
- 40 consumer.
- 41 (B) A suit against the consumer in a court of competent

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jurisdiction.

(C) The use of a third party to pursue collection from the consumer on the provider's behalf.

(D) The sale of outstanding amounts to a third party collector or debt buyer for collection from the consumer.

However, this subdivision does not preclude a provider from using any of the means set forth in clauses (A) through (D) to pursue payment of outstanding amounts incurred by a consumer through fraudulent or other unlawful means, or from pursuing any available remedies against an employer for breach of the employer's contractual obligations to the provider.

(6) If the provider solicits, charges, or receives a tip, gratuity, or other donation from a consumer:

(A) mislead or deceive consumers about the voluntary nature of the tips, gratuities, or donations;

(B) represent that tips, gratuities, or donations will benefit any specific individuals; or

(C) suggest a default tip, gratuity, or other donation amount greater than zero dollars (\$0).

(7) If the provider also offers small loans to consumers under ~~IC 24-4.5-7~~ **IC 37-3**:

(A) provide proceeds to a consumer who has a small loan outstanding from that provider, as verified by the provider in accordance with ~~IC 24-4.5-7-404(4)~~ **IC 37-3-3-8(d)**; or

(B) make a small loan to a consumer who has outstanding proceeds from that provider.

SECTION 68. IC 28-11-1-3, AS AMENDED BY P.L.222-2025, 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

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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, the holder's estate, or the creditors of the holder's estate; or

(C) a trustee;

directly or indirectly makes a disposition or causes a disposition to be made.

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

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

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

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

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

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

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

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

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

- (1) A home warranty or similar product that covers the cost of maintenance of a major home system, such as:

- (A) a plumbing system;
- (B) a heating, cooling, and ventilation system; or
- (C) electrical wiring;

for a fixed period.

(2) An insurance contract.

(3) An option to purchase residential real estate or a right of refusal to purchase residential real estate.

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

- (A) an association of co-owners (as defined in IC 32-25-2-2) for a condominium (as defined in IC 32-25-2-7); or
- (B) a homeowners association (as defined in IC 32-25.5-2-4);



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including any amendment to the declaration.

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

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

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

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

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

(8) Providers of:

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

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

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

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

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

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

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

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

(1) a 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 another equivalent consensual security interest) that constitutes a first lien on a dwelling or on residential real estate upon which a dwelling is constructed or intended to be constructed.

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

SECTION 75. IC 34-7-4-2, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. Statutes outside IC 34 providing causes of action or procedures include the following:

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- 1 (1) IC 4-21.5-5 (Judicial review of administrative agency
- 2 actions).
- 3 (2) IC 22-3-4 (Worker's compensation administration and
- 4 procedures).
- 5 (3) IC 22-4-17 (Unemployment compensation system,
- 6 employee's claims for benefits).
- 7 (4) IC 22-4-32 (Unemployment compensation system,
- 8 employer's appeal process).
- 9 (5) IC 22-9 (Civil rights actions).
- 10 **(6) IC 22-9.5 (Fair housing).**
- 11 ~~(6) IC 24-9~~ **(7) IC 37-5** (Home loans).
- 12 ~~(7)~~ **(8) IC 31-14** (Paternity).
- 13 ~~(8)~~ **(9) IC 31-15** (Dissolution of marriage and legal separation).
- 14 ~~(9)~~ **(10) IC 31-16** (Support of children and other dependents).
- 15 ~~(10)~~ **(11) IC 31-17** (Custody and parenting time).
- 16 ~~(11)~~ **(12) IC 31-19** (Adoption).
- 17 ~~(12)~~ **(13) IC 32-27-2, IC 32-30-1, IC 32-30-2, IC 32-30-4,**
- 18 **IC 32-30-9, IC 32-30-10, IC 32-30-12, IC 32-30-13, and**
- 19 **IC 32-30-14** (Real property).
- 20 ~~(13)~~ **(14) IC 33-43-4** (Attorney liens).
- 21 SECTION 76. IC 34-30-2.1-354 IS REPEALED [EFFECTIVE
- 22 JULY 1, 2026]. ~~Sec. 354. IC 24-4.4-3-103~~ (Concerning actions in
- 23 conformity with a rule, written notice, written opinion, written
- 24 interpretation, or written directive of the department of financial
- 25 institutions under first lien mortgage lending law).
- 26 SECTION 77. IC 34-30-2.1-355 IS REPEALED [EFFECTIVE
- 27 JULY 1, 2026]. ~~Sec. 355. IC 24-4.5-6-104~~ (Concerning actions in
- 28 conformity with a rule, written notice, written opinion, written
- 29 interpretation, or written directive of the department of financial
- 30 institutions under the Uniform Consumer Credit Code).
- 31 SECTION 78. IC 34-30-2.1-604 IS ADDED TO THE INDIANA
- 32 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 33 [EFFECTIVE JULY 1, 2026]: **Sec. 604. IC 37-1-4-2** (Concerning
- 34 actions in conformity with a rule, written notice, written opinion,
- 35 written interpretation, or written directive of the department of
- 36 financial institutions under first lien mortgage lending law).
- 37 SECTION 79. IC 34-30-2.1-605 IS ADDED TO THE INDIANA
- 38 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 39 [EFFECTIVE JULY 1, 2026]: **Sec. 605. IC 37-2-7-3** (Concerning
- 40 actions in conformity with a rule, written notice, written opinion,
- 41 written interpretation, or written directive of the department of

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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
18 order in the action, after a hearing of which the judgment debtor has
19 been 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
29 the judgment debtor or any other person, governmental officer,
30 or 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,
33 is 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
37 execution shall issue an order directing a depository financial
38 institution (as defined in IC 28-9-2) to place a hold on a deposit
39 account in which the judgment debtor has an interest, either
40 individually or jointly with another person, whenever the conditions
41 prescribed under IC 28-9-3-4(d)(1) through IC 28-9-3-4(d)(3) are met.

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- 1 An order issued under this subsection:
- 2 (1) is subject to the limitations as to duration of the restriction
- 3 and the amount to be restricted as specified under IC 28-9-4-2;
- 4 and
- 5 (2) may be terminated or modified to reflect valid exemptions of
- 6 a depositor that the court has considered.
- 7 (e) If an order for the placing of a hold on a deposit account is
- 8 issued under subsection (d), a person whose deposit account is affected
- 9 may request a hearing from the court on the matter of:
- 10 (1) the person's right to claim certain funds in the person's
- 11 deposit account as exempt from garnishment; and
- 12 (2) whether the hold should be removed by the court.
- 13 (f) If a court receives a request for a hearing under subsection (e),
- 14 the court shall hold a hearing on the matter within five (5) days
- 15 (excluding Saturdays, Sundays, and legal holidays) after the court
- 16 receives the request.
- 17 (g) If a person whose deposit account is affected by the order
- 18 issued under subsection (d) files an affidavit with the court stating that
- 19 the funds in the account are exempt from garnishment, the court may
- 20 issue an order releasing the hold on the account without first
- 21 conducting a hearing.
- 22 (h) If a court has issued a garnishment order to a third party and
- 23 the garnishment order no longer applies to the third party due to a
- 24 change in circumstances, the court may cancel the garnishment order
- 25 and issue a new garnishment order to an appropriate third party, if all
- 26 of the following conditions are met:
- 27 (1) The court has issued a garnishment order under subsection
- 28 (a) or (b) with respect to a judgment debtor's income or profits
- 29 in the hands of a third party.
- 30 (2) The judgment constitutes a continuing lien under subsection
- 31 (c).
- 32 (3) Due to a change in circumstances, including a change of
- 33 employment, the judgment debtor's income or profits are in the
- 34 hands of a new third party not named in the garnishment order.
- 35 (4) The judgment creditor files a petition:
- 36 (A) notifying the court of the matters described in
- 37 subdivisions (1) through (3); and
- 38 (B) informing the court of the name, address, and other
- 39 relevant information concerning the new third party holding
- 40 the judgment debtor's income and profits.
- 41 A court may issue a new garnishment order under this subsection

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1 without holding a hearing.

2 SECTION 82. IC 34-57-2-1 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) A written
4 agreement to submit to arbitration is valid, and enforceable, an existing
5 controversy or a controversy thereafter arising is valid and enforceable,
6 except upon such grounds as exist at law or in equity for the revocation
7 of any contract. If the parties to such an agreement stipulate in writing,
8 the agreement may be enforced by designated third persons, who shall
9 in such instances have the same rights as a party under this chapter.
10 This chapter also applies to arbitration agreement between employers
11 and employees or between their respective representatives (unless
12 otherwise provided in the agreement).

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

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

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

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

- 39 (1) at the time the fine is due; or
40 (2) in a manner set forth in subsection (a)(2) through (a)(4).
41 (c) If a court suspends payment of a fine under subsection (b), the



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1 court retains jurisdiction over the convicted person until the convicted
2 person has paid the entire amount of the fine.

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

4 (1) an attorney representing the county may bring an action on
5 a debt for the unpaid amount;

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

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

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

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

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

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

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

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

41 (1) to consumer loans, consumer related loans, consumer credit

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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.

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(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.**

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

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

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

(1) "Copy" means:

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

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

(C) reproducing a document by any other means.

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

(A) a mortgage modification;

(B) a mortgage assignment;

(C) a mortgage release; or

(D) a mortgage assumption.

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

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

(b) The county recorder shall charge and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders, and shall pay them into the county treasury at the end of each calendar month. The fees prescribed and



collected under this section supersede all other recording fees required by law to be charged for services rendered by the county recorder.

(c) The county recorder shall charge the following:

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

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

(3) For pages larger than eight and one-half (8 1/2) inches by fourteen (14) inches twenty-five dollars (\$25) for the first page and five dollars (\$5) for each additional page of any document the recorder records, if the pages are larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(4) If the county recorder has elected to attest to the release, partial release, or assignment of any mortgage, judgment, lien, or oil and gas lease contained on a multiple transaction document, the fee for each transaction after the first is seven dollars (\$7) plus the amount provided in subdivision (1).

(5) For furnishing copies of records, the fee for each copy is:

(A) one dollar (\$1) per page that is not larger than eleven (11) inches by seventeen (17) inches; and

(B) five dollars (\$5) per page that is larger than eleven (11) inches by seventeen (17) inches.

(6) Five dollars (\$5) for acknowledging or certifying to a document.

(7) A fee in an amount authorized by an ordinance adopted by the county legislative body for duplicating a computer tape, a computer disk, an optical disk, microfilm, or similar media. This fee may not cover making a handwritten copy or a photocopy or using xerography or a duplicating machine.

(8) Twenty-five dollars (\$25) per parcel for recording the release of a lien or liens of a political subdivision for a property sold or transferred under IC 6-1.1-24-6.1 or IC 36-1-11, regardless of the number of liens held by the political subdivision. This fee applies to each political subdivision with a lien or liens on a parcel. In addition to the fee under this subdivision, if a county fiscal body adopts a fee under section 10.7 of this chapter, the county recorder may charge the fee under section 10.7 of this chapter for each document recorded by a political subdivision under this subdivision.

(9) This subdivision applies in a county only if at least one (1) unit in the county has established an affordable housing fund under IC 5-20-5-15.5 and the county fiscal body adopts an

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ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of ten dollars (\$10) for each document the recorder records.

(10) This subdivision applies in a county containing a consolidated city that has established a housing trust fund under IC 36-7-15.1-35.5(e). This subdivision does not apply if the county fiscal body adopts a fee under section 10.7 of this chapter. 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

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- 1 to be distributed in accordance with ~~IC 24-9-9-3~~ **IC 37-5-9-2** and
 2 ~~IC 24-9-9-4~~ **IC 37-5-9-3**.
- 3 (5) One dollar (\$1) in the county identification security
 4 protection fund established under IC 36-2-7.5-11.
- 5 (6) One dollar (\$1) in the county elected officials training fund
 6 under IC 36-2-7-19.
- 7 (f) This subsection applies to all counties. A county recorder shall
 8 deposit fees collected under subsection (c)(3), (c)(4), (c)(5), (c)(6), and
 9 (c)(7) in the county recorder's records perpetuation fund established
 10 under subsection (g).
- 11 (g) The county treasurer shall establish a county recorder's records
 12 perpetuation fund. The fund consists of all fees collected under this
 13 section for deposit in the fund and amounts transferred to the fund from
 14 the county identification security protection fund under IC 36-2-7.5-11.
 15 Except as provided in section 10.2 of this chapter, the county recorder
 16 may use any money in this fund without appropriation for:
- 17 (1) the preservation of records; and
 18 (2) the improvement of record keeping systems and equipment;
 19 within the control of the county recorder. Money from the fund may not
 20 be deposited or transferred into the county general fund and does not
 21 revert to the county general fund at the end of a fiscal year.
- 22 (h) The county recorder shall post the fees set forth in subsection
 23 (c) in a prominent place within the county recorder's office where the
 24 fee schedule will be readily accessible to the public.
- 25 (i) The county recorder may not charge or collect any fee for:
- 26 (1) recording an official bond of a public officer, a deputy, an
 27 appointee, or an employee; or
 28 (2) performing any service under any of the following:
- 29 (A) IC 6-1.1-22-2(c).
 30 (B) IC 8-23-7.
 31 (C) IC 8-23-23.
 32 (D) IC 10-17-2-3.
 33 (E) IC 10-17-3-2.
 34 (F) IC 12-14-13.
 35 (G) IC 12-14-16.
- 36 (j) The state and its agencies and instrumentalities are required to
 37 pay the recording fees and charges that this section prescribes.
- 38 (k) This subsection applies to a county other than a county
 39 containing a consolidated city. The county treasurer shall distribute
 40 money collected by the county recorder under subsection (c)(9) as
 41 follows:

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(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

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1 documents.

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

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

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

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

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

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

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

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

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

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

22 (3) Eleven dollars and fifty cents (\$11.50) in the county
23 recorder's records perpetuation fund established under section
24 10(g) of this chapter.

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

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

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

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

37 (1) Cash.

38 (2) Check.

39 (3) Bank draft.

40 (4) Money order.

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

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

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

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

(c) The county recorder may contract with a bank card or credit card vendor for acceptance of bank cards or credit cards. A payment made under this chapter does not finally discharge the person's liability,



and the person has not paid the liability until the county recorder receives payment or credit from the institution responsible for making the payment or credit. Subject to subsection (e), if there is a vendor transaction card or discount fee, whether billed to the county recorder or charged directly to the county recorder's account, the county recorder shall collect a fee from the person using the bank card or credit card. The fee is a permitted charge under ~~IC 24-4.5-3-202-~~ **IC 37-2-4-5.**

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

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

(f) Funds described in subsection (c) may be used without appropriation to pay the transaction charge or discount fee charged by the bank or credit card vendor.

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

TITLE 37. CONSUMER LENDING

ARTICLE 1. FIRST LIEN MORTGAGE LENDING

Chapter 1. General Provisions

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.

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

(1) the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (H.R. 3221 Title V) and the interpretations of that Act issued by the Secretary of Housing and Urban



1 Development and the Consumer Financial Protection
2 Bureau; and

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

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

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

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

14 (b) A reference to a requirement imposed by this article
15 includes reference to a related rule of the department adopted
16 under this article.

17 (c) A reference to a federal law in this article is a reference to
18 the law as in effect December 31, 2024.

19 Sec. 3. This article is a general statute intended as a unified
20 coverage of its subject matter. No part of this article may be
21 considered to be impliedly repealed by subsequent legislation if
22 such construction can reasonably be avoided.

23 Sec. 4. The provisions of this article are severable, so that if:

24 (1) any provisions of this article; or

25 (2) the application of this article to any person or
26 circumstances;

27 is held invalid, the invalidity does not affect other provisions or
28 applications of this article that can be given effect without the
29 invalid provision or application.

30 Sec. 5. (a) Except as provided in subsection (b), this article
31 applies to a first lien mortgage transaction:

32 (1) that is secured by an interest in:

33 (A) a dwelling; or

34 (B) residential real estate upon which a dwelling is
35 constructed or intended to be constructed;

36 in Indiana; and

37 (2) the closing for which takes place after June 30, 2026.

38 (b) This article does not apply to a first lien mortgage
39 transaction if:

40 (1) the debtor is not a resident of Indiana at the time the
41 transaction is entered into; and

42 (2) the laws of the debtor's state of residence require that the

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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



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1 originators under this article and 750 IAC 9-3, and who are
 2 engaged solely as third party loan processors or
 3 underwriters, if the person does the following:

4 (A) Assumes responsibility for and reasonably
 5 supervises the activities of all licensed mortgage loan
 6 originators sponsored by the person.

7 (B) Registers with and maintains a valid unique
 8 identifier issued by the NMLSR as required by
 9 IC 37-1-3-4(b), maintains a surety bond in accordance
 10 with IC 37-1-3-8, submits to the NMLSR reports of
 11 condition in accordance with IC 37-1-3-19(d) (subject to
 12 IC 37-1-3-9), and files financial statements with the
 13 department in accordance with IC 37-1-3-19(e).

14 (C) Cooperates with the department, and provides
 15 access to records and documents, as required by the
 16 department in carrying out examinations of the
 17 activities of the licensed mortgage loan originators
 18 sponsored by the person, as described in
 19 IC 37-1-3-19(a).

20 (D) Agrees to comply with all law, rules, directives, and
 21 orders in connection with the activities of the licensed
 22 mortgage loan originators sponsored by the person, as
 23 the director determines necessary to ensure compliance
 24 with the federal Secure and Fair Enforcement for
 25 Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.)
 26 and with Indiana law.

27 (9) A first lien mortgage transaction originated by a
 28 registered mortgage loan originator, when acting for an
 29 entity described in subdivision (6). However, a privately
 30 insured state chartered credit union shall comply with the
 31 system of mortgage loan originator registration developed by
 32 the Federal Financial Institutions Examinations Council
 33 under Section 1507 of the federal Secure and Fair
 34 Enforcement for Mortgage Licensing Act of 2008 (SAFE).

35 (10) An individual who offers or negotiates terms of a
 36 mortgage transaction with or on behalf of an immediate
 37 family member of the individual.

38 (11) An individual who offers or negotiates terms of a
 39 mortgage transaction secured by a dwelling that served as
 40 the individual's residence.

41 (12) Unless the attorney is compensated by:

42 (A) a lender;



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- (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 contract or other similar transaction.

(15) A bona fide nonprofit organization not operating in a commercial context, as determined by the director, if the following criteria are satisfied:

(A) Subject to clause (B), the organization originates only one (1) or both of the following types of mortgage transactions:

- (i) Zero (0) interest first lien mortgage transactions.
- (ii) Zero (0) interest subordinate lien mortgage transactions.

(B) The organization does not require, under the terms of the mortgage or otherwise, balloon payments with respect to the mortgage transactions described in clause (A).

(C) The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

(D) The organization's primary purpose is to serve the public by helping low income individuals and families build, repair, and purchase housing.

(E) The organization uses only:

- (i) unpaid volunteers; or



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(ii) employees whose compensation is not based on the number or size of any mortgage transactions that the employees originate;

to originate the mortgage transactions described in clause (A).

(F) The organization does not charge loan origination fees in connection with the mortgage transactions described in clause (A).

(16) A bona fide nonprofit organization if the following criteria are satisfied:

(A) For each calendar year that the organization seeks the exemption provided by this subdivision, the organization certifies, not later than December 31 of the preceding calendar year and on a form prescribed by the director and accompanied by such documentation as required by the director, that the organization is a bona fide nonprofit organization.

(B) The director determines that the organization originates only mortgage transactions that are favorable to the debtor. For purposes of this clause, a mortgage 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

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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 article, means a person that, directly or indirectly, through one (1) or more intermediaries:

- (1) controls;
- (2) is controlled by; or
- (3) is under common control with;

the person subject to this article.

Sec. 3. "Agreement" means the bargain of the parties in fact as found in the parties' language or by implication from other circumstances, including course of dealing or usage of trade or course of performance.

Sec. 4. "Agricultural products" includes agricultural products, horticultural products, viticultural products, dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, any products raised or produced on farms, and any products processed or manufactured from products raised or produced on farms.

Sec. 5. "Agricultural purpose" means a purpose related to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products by a natural person who cultivates, plants, propagates, or nurtures the agricultural products.



1 **Sec. 6. "Balloon payment", with respect to a mortgage**
 2 **transaction, means any payment:**

3 (1) that the creditor requires the debtor to make at any time
 4 during the term of the mortgage;

5 (2) that represents the entire amount of the outstanding
 6 balance with respect to the mortgage; and

7 (3) the entire amount of which is due as of a specified date or
 8 at the end of a specified period;

9 if the aggregate amount of the minimum periodic payments
 10 required under the mortgage would not fully amortize the
 11 outstanding balance by the specified date or at the end of the
 12 specified period. The term does not include a payment required by
 13 a creditor under a due-on-sale clause (as defined in 12 U.S.C.
 14 1701j-3(a)) or a payment required by a creditor under a provision
 15 in the mortgage that permits the creditor to accelerate the debt
 16 upon the debtor's default or failure to abide by the material terms
 17 of the mortgage.

18 **Sec. 7. "Bona fide nonprofit organization" means an**
 19 **organization that does the following, as determined by the director,**
 20 **under criteria established by the director:**

21 (1) Maintains tax exempt status under Section 501(c)(3) of
 22 the Internal Revenue Code.

23 (2) Promotes affordable housing or provides home ownership
 24 education or similar services.

25 (3) Conducts the organization's activities in a manner that
 26 serves public or charitable purposes.

27 (4) Receives funding and revenue and charges fees in a
 28 manner that does not encourage the organization or the
 29 organization's employees to act other than in the best
 30 interests of the organization's clients.

31 (5) Compensates the organization's employees in a manner
 32 that does not encourage employees to act other than in the
 33 best interests of the organization's clients.

34 (6) Provides to, or identifies for, debtors mortgage
 35 transactions with terms that are favorable to the debtor (as
 36 described in IC 37-1-1-6(16)) and comparable to mortgage
 37 transactions and housing assistance provided under
 38 government housing assistance programs.

39 (7) Maintains certification by the United States Department
 40 of Housing and Urban Development or employs counselors
 41 who are certified by the Indiana housing and community
 42 development authority.



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1 **Sec. 8. "Civil court"** means any court in Indiana having
 2 jurisdiction of civil cases.

3 **Sec. 9. "Consumer credit sale"** is a sale of goods, services, or
 4 an interest in land in which:

5 (1) credit is granted by a person who engages as a seller in
 6 credit transactions of the same kind;

7 (2) the buyer is a person other than an organization;

8 (3) the goods, services, or interest in land are purchased
 9 primarily for a personal, family, or household purpose;

10 (4) either the debt is payable in installments or a credit
 11 service charge is made; and

12 (5) with respect to a sale of goods or services, either:

13 (A) the amount of credit extended, the written credit
 14 limit, or the initial advance does not exceed the exempt
 15 threshold amount, as adjusted in accordance with the
 16 annual adjustment of the exempt threshold amount,
 17 specified in Regulation Z (12 CFR 226.3 or 12 CFR
 18 1026.3(b), as applicable); or

19 (B) the debt is secured by personal property used or
 20 expected to be used as the principal dwelling of the
 21 buyer.

22 **Sec. 10. "Credit"** means the right granted by a creditor to a
 23 debtor to defer payment of debt or to incur debt and defer its
 24 payment.

25 **Sec. 11. "Creditor"** means a person:

26 (1) that regularly engages in the extension of first lien
 27 mortgage transactions that are subject to a credit service
 28 charge or loan finance charge, as applicable, or are payable
 29 by written agreement in more than four (4) installments (not
 30 including a down payment); and

31 (2) to which the obligation is initially payable, either on the
 32 face of the note or contract, or by agreement if there is not a
 33 note or contract.

34 The term does not include a person described in section 39 of this
 35 chapter in a tablefunded transaction. A creditor may be an
 36 individual, a limited liability company, a sole proprietorship, a
 37 partnership, a trust, a joint venture, a corporation, an
 38 unincorporated organization, or other form of entity, however
 39 organized.

40 **Sec. 12. "Department"** refers to the department of financial
 41 institutions.

42 **Sec. 13. "Depository institution"** has the meaning set forth in



1 the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes
2 any credit union.

3 Sec. 14. "Director" refers to the director of the department of
4 financial institutions or the director's designee.

5 Sec. 15. "Dwelling" means a residential structure that contains
6 one (1) to four (4) units, regardless of whether the structure is
7 attached to real property. The term includes an individual:

- 8 (1) condominium unit;
- 9 (2) cooperative unit;
- 10 (3) mobile home; or
- 11 (4) trailer;

12 that is used as a residence.

13 Sec. 16. "Employee" means an individual who is paid wages or
14 other compensation by an employer required under federal income
15 tax law to file Form W-2 on behalf of the individual.

16 Sec. 17. "Federal banking agencies" means the Board of
17 Governors of the Federal Reserve System, the Office of the
18 Comptroller of the Currency, the Office of Thrift Supervision, the
19 National Credit Union Administration, and the Federal Deposit
20 Insurance Corporation.

21 Sec. 18. "First lien mortgage transaction" means:

- 22 (1) a consumer loan; or
- 23 (2) a consumer credit sale;

24 that is or will be used by the debtor primarily for personal, family,
25 or household purposes and that is secured by a mortgage or a land
26 contract (or another consensual security interest equivalent to a
27 mortgage or a land contract) that constitutes a first lien on a
28 dwelling or on residential real estate upon which a dwelling is
29 constructed or intended to be constructed.

30 Sec. 19. "Immediate family member" means a spouse, child,
31 sibling, parent, grandparent, or grandchild. The term includes
32 stepparents, stepchildren, stepsiblings, and adoptive relationships.

33 Sec. 20. "Individual" means a natural person.

34 Sec. 21. "Land contract" means a contract for the sale of real
35 estate in which the seller of the real estate retains legal title to the
36 real estate until the total contract price is paid by the buyer.

37 Sec. 22. "Licensee" means a person licensed to engage in
38 mortgage transactions as a creditor.

39 Sec. 23. "Loan" includes:

- 40 (1) the creation of debt by:
 - 41 (A) the creditor's payment of or agreement to pay
 - 42 money to the debtor or to a third party for the account

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of the debtor; or

(B) the extension of credit by a person who engages as a seller in credit transactions primarily secured by an interest in land;

(2) the creation of debt by a credit to an account with the creditor upon which the debtor is entitled to draw immediately; and

(3) the forbearance of debt arising from a loan.

Sec. 24. "Loan brokerage business" means any activity in which a person, in return for any consideration from any source, procures, attempts to procure, or assists in procuring, a mortgage transaction from a third party or any other person, whether or not the person seeking the mortgage transaction actually obtains the mortgage transaction.

Sec. 25. "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 section, 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 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.

Sec. 26. "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 37-2 is made by an employee of a person licensed to engage in mortgage

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1 transactions or by an employee of a person that is exempt from
 2 licensing, while the employee is engaging in the loan brokerage
 3 business. The term does not include the following:

4 (1) An individual engaged solely as a loan processor or
 5 underwriter as long as the individual works exclusively as an
 6 employee of a person licensed to engage in mortgage
 7 transactions or as an employee of a person exempt from
 8 licensing. However, the term includes an individual who is
 9 licensed as a mortgage loan originator under this article and
 10 750 IAC 9-3 and who is an employee of a person that is not
 11 engaged in mortgage transactions as a creditor if that person
 12 voluntarily registers with the department to sponsor the
 13 individual under IC 37-1-1-6(8) to engage solely as a third
 14 party processor or underwriter.

15 (2) Unless the person or entity is compensated by:

16 (A) a creditor;

17 (B) a loan broker;

18 (C) another mortgage loan originator; or

19 (D) any agent of a creditor, a loan broker, or another
 20 mortgage loan originator described in clauses (A)
 21 through (C);

22 a person or entity that performs only real estate brokerage
 23 activities and is licensed or registered in accordance with
 24 applicable state law.

25 (3) A person solely involved in extensions of credit relating
 26 to timeshare plans (as defined in 11 U.S.C. 101(53D)).

27 Sec. 27. "Mortgage servicer" means the last person to whom
 28 a mortgagor or the mortgagor's successor in interest has been
 29 instructed by a mortgagee to send payments on a loan secured by
 30 a mortgage.

31 Sec. 28. "Mortgage transaction" means:

32 (1) a consumer loan; or

33 (2) a consumer credit sale;

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

40 Sec. 29. "Nationwide Multistate Licensing System and
 41 Registry" (or "Nationwide Mortgage Licensing System and
 42 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. 30. "Organization" means a corporation, a government or government subdivision, an agency, a trust, an estate, a partnership, a limited liability company, a cooperative, an association, a joint venture, an unincorporated organization, or any other entity, however organized.

Sec. 31. "Payable in installments", with respect to a debt or an obligation, means that payment is required or permitted by written agreement to be made in more than four (4) installments not including a down payment.

Sec. 32. "Person" includes an individual or an organization.

Sec. 33. "Principal" of a mortgage transaction means the total of:

- (1) the net amount paid to, receivable by, or paid or payable for the account of the debtor; and
- (2) to the extent that payment is deferred, amounts actually 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 be constructed a dwelling.

Sec. 38. "Revolving first lien mortgage transaction" means a first lien mortgage transaction in which:

(1) the creditor permits the debtor to obtain advances from time to time;

(2) the unpaid balances of principal, finance charges, and other appropriate charges are debited to an account; and

(3) the debtor has the privilege of paying the balances in installments.

Sec. 39. "Tablefunded" means a transaction in which:

(1) a person closes a first lien mortgage transaction in the person's own name as a mortgagee with funds provided by one (1) or more other persons; and

(2) the transaction is assigned, not later than one (1) business day after the funding of the transaction, to the mortgage creditor providing the funding.

Sec. 40. "Unique identifier" means a number or other identifier assigned by protocols established by the NMLSR.

Chapter 3. Miscellaneous Provisions



1 **Sec. 1. (a) A creditor or mortgage servicer shall provide, in**
 2 **writing, an accurate payoff amount for a first lien mortgage**
 3 **transaction to the debtor not later than seven (7) business days**
 4 **(excluding legal public holidays, Saturdays, and Sundays) after the**
 5 **creditor or mortgage servicer receives the debtor's written request**
 6 **for the accurate payoff amount. A payoff statement provided by a**
 7 **creditor or mortgage servicer under this subsection must show the**
 8 **date the statement was prepared and itemize the unpaid principal**
 9 **balance and each fee, charge, or other sum included within the**
 10 **payoff amount. A creditor or mortgage servicer who fails to**
 11 **provide an accurate payoff amount is liable for:**

12 **(1) one hundred dollars (\$100) if an accurate payoff amount**
 13 **is not provided by the creditor or mortgage servicer not later**
 14 **than seven (7) business days (excluding legal public holidays,**
 15 **Saturdays, and Sundays) after the creditor or mortgage**
 16 **servicer receives the debtor's first written request; and**

17 **(2) the greater of:**

18 **(A) one hundred dollars (\$100); or**

19 **(B) the loan finance charge that accrues on the first lien**
 20 **mortgage transaction from the date the creditor or**
 21 **mortgage servicer receives the first written request until**
 22 **the date on which the accurate payoff amount is**
 23 **provided;**

24 **if an accurate payoff amount is not provided by the creditor**
 25 **or mortgage servicer not later than seven (7) business days**
 26 **(excluding legal public holidays, Saturdays, and Sundays)**
 27 **after the creditor or mortgage servicer receives the debtor's**
 28 **second written request, and the creditor or mortgage**
 29 **servicer fails to comply with subdivision (1).**

30 **(b) This subsection applies to a first lien mortgage transaction,**
 31 **or the refinancing or consolidation of a first lien mortgage**
 32 **transaction, that:**

33 **(1) is closed after June 30, 2009; and**

34 **(2) has an interest rate that is subject to change at one (1) or**
 35 **more times during the term of the first lien mortgage**
 36 **transaction.**

37 **A creditor in a transaction to which this subsection applies may not**
 38 **contract for and may not charge the debtor a prepayment fee or**
 39 **penalty.**

40 **(c) This subsection applies to a first lien mortgage transaction**
 41 **with respect to which any installment or minimum payment due is**
 42 **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 any amount still owed under the first lien 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 first lien mortgage transaction is sold for an amount that is less than the amount of the debtor's outstanding obligation under the first lien 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.

(d) 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



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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. 2. (a) Except as provided in subsection (b), the creditor shall comply with disclosure requirements applicable to first lien mortgage transactions in the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

(b) Disclosures are not required if the transaction is exempt from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

Sec. 3. (a) A violation of a state or federal law, regulation, or rule applicable to first lien mortgage transactions is a violation of this article.

(b) The department may enforce penalty provisions set forth in 15 U.S.C. 1640 for violations of disclosure requirements applicable to first lien mortgage transactions.

Sec. 4. (a) Unless a person subject to this article has first obtained a mortgage license from the department and annually maintains the license, the person shall not engage in Indiana as a creditor in first lien mortgage transactions. A separate mortgage license is required for each legal entity that engages in Indiana as a creditor in first lien mortgage transactions. However, a separate mortgage license is not required for each branch of a legal entity licensed by the department.

(b) Each:

(1) creditor licensed by the department to engage in mortgage transactions; and

(2) person exempt from licensing that:

(A) employs a licensed mortgage loan originator; or

(B) sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

shall register with and maintain a valid unique identifier issued by the NMLSR. Each licensed mortgage loan originator must be employed by, or sponsored as permitted by IC 37-1-1-6(8) or by 750 IAC 9, and associated with, a licensed creditor (or a person exempt from licensing) that is registered with the NMLSR.

(c) 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. An individual who:

- (1) is licensed as a mortgage loan originator under this article and 750 IAC 9-3; and
- (2) 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 subsection with respect to the individual's engagement under the sponsorship.

(d) An applicant for a mortgage license must apply for the license in the form prescribed by the director. Each form:

- (1) must contain content as set forth by rule, instruction, or procedure of the director; and
- (2) may be changed or updated as necessary by the director to carry out the purposes of this article.

(e) To fulfill the purposes of this article, the director may establish relationships or contracts with the NMLSR or other entities designated by the NMLSR to:

- (1) collect and maintain records; and
- (2) process transaction fees or other fees related to licensees or other persons subject to this article.

(f) For the purpose of participating in the NMLSR, the director or the department may:

- (1) waive or modify, in whole or in part, by rule or order, any of the requirements of this article; and
- (2) establish new requirements as reasonably necessary to participate in the NMLSR.

Sec. 5. (a) The department shall receive and act on all applications for licenses to engage in first lien mortgage transactions. Applications must be made as prescribed by the director. If, at any time, the information or record contained in:

- (1) an application filed under this section; or
- (2) a renewal application filed under section 10 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 may 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 must include:

- (1) criminal background checks, as described in section 6 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 7 of this chapter;
- (3) surety bond requirements as described in section 8 of this chapter;
- (4) a review of licensure actions in Indiana and in 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 has to maintain for purposes of 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 in the manner 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.



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(2) An annual renewal fee as established by the department under IC 28-11-3-5.

(3) Examination fees as established by the department under IC 28-11-3-5.

(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.

(j) Except in a transaction approved under section 20 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).

Sec. 6. (a) When the director requests a national criminal history background check under section 5(d)(1) of this chapter for an individual described in section 5(b) of this chapter, the director shall require the individual to submit fingerprints to the department, state police department, or NMLSR, as directed, at the time evidence of compliance is requested under section 5(c) of this chapter. The individual to whom the request is made shall pay any fees or costs associated with processing and evaluating the fingerprints and the national criminal history background check. The national criminal history background check may be used by the director to determine the individual's compliance with this section. The director or the department may not release the results of the national criminal history background check to any private entity.

(b) For purposes of this section and in order to reduce the points of contact that the Federal Bureau of Investigation may have to maintain for purposes of this section, the director may use the NMLSR as a channeling agent for requesting information from and distributing information to the United States Department of Justice or any governmental agency.

Sec. 7. (a) If the director requests a credit report for an individual described in section 5(b) of this chapter, the individual to whom the request is made shall pay any fees or costs associated with procuring the report.



(b) The individual must submit personal history and experience information in a form prescribed by the NMLSR, including the submission of authorization for the NMLSR or the director to obtain an independent credit report obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a(p)).

(c) The director may consider one (1) or more of the following when determining if an individual has demonstrated financial responsibility:

- (1) Bankruptcies filed within the last ten (10) years.
- (2) Current outstanding judgments, except judgments solely as a result of medical expenses.
- (3) Current outstanding tax liens or other government liens or filings.
- (4) Foreclosures within the past three (3) years.
- (5) A pattern of serious delinquent accounts within the past three (3) years.

Sec. 8. (a) Each:

- (1) creditor; and
- (2) person that is exempt (either under this article or under IC 37-2) from licensing and that:
 - (A) employs a licensed mortgage loan originator; or
 - (B) sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

must be covered by a surety bond in accordance with this section.

(b) A surety bond must:

- (1) provide coverage for:
 - (A) a creditor; or
 - (B) a person that is exempt from licensing and that employs a licensed mortgage loan originator, or that sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

in an amount as prescribed in subsection (d);

(2) be in a form prescribed by the director;

(3) be in effect:

- (A) during the term of the creditor's license; or
- (B) at any time during which the person exempt from licensing employs a licensed mortgage loan originator or sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

as applicable;

(4) subject to subsection (c), remain in effect during the two



(2) years after:

(A) the license of the creditor is surrendered or terminated; or

(B) the person exempt from licensing ceases to employ a licensed mortgage loan originator, or ceases to sponsor a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9, or to offer financial services to individuals in Indiana, whichever is later;

as applicable;

(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 creditor or the person exempt from licensing, as applicable;

(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:

(A) the creditor's or any of the creditor's licensed mortgage loan originators'; or

(B) the exempt person's or any of the exempt person's licensed mortgage loan originators';

noncompliance with or violation of this chapter, 750 IAC 9, or other federal or state laws or regulations applicable to mortgage lending.

(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 article. Upon written request from:

(1) a creditor described in subsection (a)(1); or

(2) an exempt person described in subsection (a)(2);

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 occurrence of an event described in subsection (b)(4)(A) or (b)(4)(B), as applicable.

(d) The penal sum of the surety bond shall be maintained in an amount that reflects the dollar amount of mortgage transactions originated as determined by the director. If the principal amount of a surety bond required under this section is reduced by payment of a claim or judgment, the creditor or exempt person for whom the bond is issued shall immediately notify the director of the



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1 reduction and, not later than thirty (30) days after notice by the
 2 director, file a new or an additional surety bond in an amount set
 3 by the director. The amount of the new or additional bond set by
 4 the director must be at least the amount of the bond before
 5 payment of the claim or judgment.

6 (e) If for any reason a surety terminates a bond issued under
 7 this section, the creditor or the exempt person shall immediately
 8 notify the department and file a new surety bond in an amount
 9 determined by the director.

10 (f) Cancellation of a surety bond issued under this section does
 11 not affect any liability incurred or accrued during the period when
 12 the surety bond was in effect.

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

16 (h) Notices required under this section must be made in
 17 writing and submitted through the NMLSR or any other electronic
 18 registration system that may be approved by the director.

19 Sec. 9. (a) Subject to subsection (f), the director shall designate
 20 the NMLSR to serve as the sole entity responsible for:

21 (1) processing applications and renewals for mortgage
 22 licenses;

23 (2) issuing unique identifiers for licensees and persons
 24 exempt from licensing that employ or sponsor a licensed
 25 mortgage loan originator under this article; and

26 (3) performing other services that the director determines
 27 are necessary for the orderly administration of the
 28 department's mortgage licensing system.

29 (b) Subject to the confidentiality provisions contained in
 30 IC 5-14-3, this section, and IC 28-1-2-30, the director may
 31 regularly report significant or recurring violations of this article
 32 to the NMLSR.

33 (c) Subject to the confidentiality provisions contained in
 34 IC 5-14-3, this section, and IC 28-1-2-30, the director may report
 35 complaints received regarding mortgage licensees to the NMLSR.

36 (d) The director may report publicly adjudicated licensure
 37 actions against a licensee to the NMLSR.

38 (e) The director shall establish a process in which licensees
 39 may challenge information reported to the NMLSR by the
 40 department.

41 (f) The director's authority to designate the NMLSR under
 42 subsection (a) is subject to the following:



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(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:

(A) to the director; or

(B) by the director;

under this subsection does not result in a waiver of any applicable privilege or claim of confidentiality with respect to the documents, materials, or information.

(4) Information provided to the NMLSR is subject to IC 4-1-11.

(5) This subsection does not limit or impair a person's right to:

(A) obtain information;

(B) use information as evidence in a civil action or proceeding; or

(C) use information to initiate a civil action or proceeding;

if the information may be obtained from the director or the

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1 director's designee under any law.

2 (6) Except as otherwise provided in the federal Housing and
3 Economic Recovery Act of 2008 (Public Law 110-289,
4 Section 1512), the requirements under any federal law or
5 IC 5-14-3 regarding the privacy or confidentiality of any
6 information or material provided to the NMLSR, and any
7 privilege arising under federal or state law, including the
8 rules of any federal or state court, with respect to the
9 information or material, continue to apply to the information
10 or material after the information or material has been
11 disclosed to the NMLSR. The information and material may
12 be shared with all state and federal regulatory officials with
13 mortgage industry oversight authority without the loss of
14 privilege or the loss of confidentiality protections provided
15 by federal law or IC 5-14-3.

16 (7) For purposes of this section, the director may enter
17 agreements or sharing arrangements with other
18 governmental agencies, the Conference of State Bank
19 Supervisors, the American Association of Residential
20 Mortgage Regulators, or other associations representing
21 governmental agencies, as established by rule or order of the
22 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
26 the disclosure to the public of information held by an
27 officer or an agency of the federal government or the
28 respective state; or

29 (B) subpoena, discovery, or admission into evidence in
30 any private civil action or administrative process, unless
31 with respect to any privilege held by the NMLSR with
32 respect to the information or material, the person to
33 whom the information or material pertains waives, in
34 whole or in part, in the discretion of the person, that
35 privilege.

36 (9) Any provision of IC 5-14-3 that concerns the disclosure
37 of:

38 (A) confidential supervisory information; or

39 (B) any information or material described in subdivision
40 (6);

41 and that is inconsistent with subdivision (6) is superseded by
42 this section.



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(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

(4) any other terms and conditions that apply to the revocation or suspension.

Not later than five (5) days after the entry of the order, the department shall deliver to the licensee a copy of the order and the findings supporting the order.

(e) Any person holding a license as a creditor to engage in first lien mortgage transactions may relinquish the license by notifying the department in writing of the relinquishment. However, a relinquishment under this subsection does not affect the person's liability for acts previously committed and coming within the scope



1 of this article.

2 (f) If the director determines it to be in the public interest, the
3 director may pursue revocation of a license of a licensee that has
4 relinquished the license under subsection (e).

5 (g) If a person's license is revoked, suspended, or relinquished,
6 the revocation, suspension, or relinquishment does not impair or
7 affect any obligation owed by any person under any preexisting
8 lawful contract.

9 (h) If the director has just cause to believe an emergency exists
10 from which it is necessary to protect the interests of the public, the
11 director may proceed with the revocation of a license through an
12 emergency or another temporary order under IC 4-21.5-4.

13 Sec. 12. (a) If the director determines that a current or former
14 director, an officer, or a manager of a creditor:

15 (1) has committed a violation of a statute, a rule, a final cease
16 and desist order, any condition imposed in writing by the
17 director in connection with the granting of any application
18 or other request by the creditor, or any written agreement
19 between the creditor and the director or the department;

20 (2) has committed fraudulent or unconscionable conduct; or

21 (3) has been convicted of a felony under the laws of Indiana
22 or any other jurisdiction;

23 the director, subject to subsection (b), may issue and serve upon
24 the officer, director, or manager a notice of the director's intent to
25 issue an order removing the person from the person's office or
26 employment, an order prohibiting any participation by the person
27 in the conduct of the affairs of any creditor, or an order both
28 removing the person and prohibiting the person's participation.

29 (b) A violation, practice, or breach specified in subsection (a)
30 is subject to the authority of the director under subsections (a) and
31 (c) if the director finds any of the following:

32 (1) The interests of the creditor's customers could be
33 seriously prejudiced by reason of the violation or practice.

34 (2) The violation, practice, or breach involves an act of
35 fraud, dishonesty, theft, breach of trust, money laundering,
36 or the wrongful taking of property on the part of the officer,
37 director, or manager involved.

38 (3) The violation, practice, or breach demonstrates a willful
39 or continuing disregard by the officer, director, or manager
40 for state and federal laws and regulations, and for the
41 consumer protections contained in this article.

42 (c) A person who has been convicted of a felony under the laws

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1 of Indiana or any other jurisdiction may not serve as an officer, a
 2 director, or a manager of a creditor, or serve in any similar
 3 capacity, unless the person obtains the written consent of the
 4 director.

5 (d) A creditor that willfully permits a person to serve the
 6 creditor in violation of subsection (c) is subject to a civil penalty of
 7 five hundred dollars (\$500) for each day the violation continues.

8 (e) A creditor shall give the department written notice of the
 9 resignation, discharge, or termination of an employee, independent
 10 contractor, or agent against whom allegations were made that
 11 accused the employee, independent contractor, or agent of:

12 (1) violating this article or other laws, regulations, rules, or
 13 industry standards of conduct applicable to first lien
 14 mortgage transactions; or

15 (2) fraud, dishonesty, theft, breach of trust, money
 16 laundering, or the wrongful taking of property.

17 The creditor shall provide the department the notice required
 18 under this subsection not later than thirty (30) days after the
 19 effective date of the resignation, discharge, or termination.

20 Sec. 13. (a) A notice issued under this chapter must:

21 (1) be in writing;

22 (2) contain a statement of the facts constituting the alleged
 23 practice, violation, or breach;

24 (3) state the facts alleged in support of the violation, practice,
 25 or breach;

26 (4) state the director's intention to enter an order under
 27 section 15(a) of this chapter;

28 (5) be delivered to the board of directors of the creditor;

29 (6) be delivered to the officer, director, or manager
 30 concerned;

31 (7) specify the procedures that must be followed to initiate a
 32 hearing to contest the facts alleged; and

33 (8) if the director suspends or prohibits an officer, a director,
 34 or a manager of the creditor from participating in the affairs
 35 of the creditor, as described in subsection (e), include a
 36 statement of the suspension or prohibition.

37 (b) If a hearing is requested not later than ten (10) days after
 38 service of the written notice, the department shall hold a hearing
 39 concerning the alleged practice, violation, or breach. The hearing
 40 shall be held not later than forty-five (45) days after receipt of the
 41 request. The department, based on the evidence presented at the
 42 hearing, shall enter a final order under section 15 of this chapter.



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1 (c) If no hearing is requested within the time specified in
 2 subsection (b), the director may proceed to issue a final order
 3 under section 15 of this chapter on the basis of the facts set forth in
 4 the written notice.

5 (d) An officer, a director, or a manager who is removed from
 6 a position under a removal order that has become final may not
 7 participate in the conduct of the affairs of any mortgage licensee
 8 without the approval of the director.

9 (e) The director may, for the protection of the creditor or the
 10 interests of its customers, suspend from office or prohibit from
 11 participation in the affairs of the creditor an officer, a director, or
 12 a manager of a creditor who is the subject of a written notice
 13 served by the director under section 12(a) of this chapter. A
 14 suspension or prohibition under this subsection becomes effective
 15 upon service of the notice under section 12(a) of this chapter.
 16 Unless stayed by a court in a proceeding authorized by subsection
 17 (f), the suspension or prohibition remains in effect pending
 18 completion of the proceedings related to the notice served under
 19 section 12(a) of this chapter and until the effective date of an order
 20 entered by the department under subsection (b) or the director
 21 under subsection (c). Copies of the notice shall also be served upon
 22 the creditor or affiliate of which the person is an officer, a director,
 23 or a manager.

24 (f) Not more than fifteen (15) days after an officer, a director,
 25 or a manager has been suspended from office or prohibited from
 26 participation in the conduct of the affairs of the creditor or affiliate
 27 under subsection (e), the officer, director, or manager may apply
 28 to a court having jurisdiction for a stay of the suspension or
 29 prohibition pending completion of the proceedings related to the
 30 written notice served under section 12(a) of this chapter, and the
 31 court may stay the suspension or prohibition.

32 (g) The department shall maintain an official record of a
 33 proceeding under this chapter.

34 Sec. 14. If the director enters into a consent to a final order
 35 under section 15 of this chapter with a creditor, a director, an
 36 officer, or a manager, the director is not required to issue and
 37 serve a notice of charges upon the creditor, director, officer, or
 38 manager under section 12 of this chapter. A consent agreement
 39 may be negotiated and entered into before or after the issuance of
 40 a notice of charges. The director shall provide a copy of the consent
 41 order to the board of directors of the creditor.

42 Sec. 15. (a) If, after a hearing described in section 13(b) of this



chapter, the department finds that the conditions specified in section 12 of this chapter have been established, the department may issue a final order. If a hearing is not requested within the time specified in section 13(b) of this chapter, the director may issue a final order on the basis of the facts set forth in the written notice served under section 12(a) of this chapter.

(b) Unless the director has entered into a consent agreement described in section 14 of this chapter, a final order must include separately stated findings of fact and conclusions of law for all aspects of the order.

(c) In a final order under this section, the department or the director, as appropriate, may order one (1) or more of the following with respect to an officer, a director, or a manager of a creditor:

(1) The removal of the officer, director, or manager from the person's office, position, or employment.

(2) A prohibition against any participation by the officer, director, or manager in the conduct of the affairs of any creditor.

(3) If the subject of the order is an officer or a director of a creditor, and subject to section 17 of this chapter, the imposition of a civil penalty not to exceed fifteen thousand dollars (\$15,000) for each practice, violation, or act that:

(A) is described in section 12 of this chapter; and

(B) is found to exist by the department or the director.

(d) A final order shall be issued in writing not later than ninety (90) days after conclusion of a hearing held under section 13(b) of this chapter, unless this period is waived or extended with the written consent of all parties or for good cause shown.

(e) If the officer, director, or manager does not appear individually or by an authorized representative at a hearing held under section 13(b) of this chapter, the officer, director, or manager is considered to have consented to the issuance of a final order.

(f) The remedies provided in this chapter are in addition to other remedies contained in this article.

Sec. 16. (a) A final order issued under this chapter is effective on the eleventh day after service of the order. However, a final order issued upon consent under section 14 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.



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1 (c) The department or a reviewing court may stay, modify, or
2 vacate a final order.

3 Sec. 17. (a) The director or the department, as appropriate,
4 shall consider the following factors in determining the amount of
5 a civil penalty that should be assessed against a director or an
6 officer in a final order issued under section 15(c)(3) of this chapter:

7 (1) The appropriateness of the civil penalty with respect to
8 the financial resources and good faith of the individual
9 charged.

10 (2) The gravity of the practice, violation, or act.

11 (3) The history of previous practices, violations, or acts.

12 (4) The economic benefit derived by the individual from the
13 practice, violation, or act.

14 (5) Other factors that justice requires.

15 (b) A creditor may not indemnify a director or an officer for
16 a civil penalty imposed in a final order under section 15(c)(3) of
17 this chapter.

18 (c) Civil penalties shall be deposited in the financial
19 institutions fund established by IC 28-11-2-9.

20 Sec. 18. The director may enforce any of the following by
21 applying for appropriate relief to a court having jurisdiction:

22 (1) An order issued under this chapter.

23 (2) A written agreement entered into by the department or
24 the director and any director, officer, or employee of a
25 creditor.

26 (3) Any condition imposed in writing by the department or
27 the director on any director, officer, or employee of a
28 creditor.

29 Sec. 19. (a) Every licensee shall maintain records in a manner
30 that will enable the department to determine whether the licensee
31 is complying with this article. The record keeping system of a
32 licensee is sufficient if the licensee makes the required information
33 reasonably available. The department shall determine the
34 sufficiency of the records and whether the licensee has made the
35 required information reasonably available. The department shall
36 be given free access to the records wherever the records are
37 located. Records concerning any first lien mortgage transaction
38 shall be retained for two (2) years after the making of the final
39 entry relating to the transaction, but in the case of a revolving first
40 lien mortgage transaction, the two (2) years required under this
41 subsection is measured from the date of each entry relating to the
42 transaction. A person that voluntarily registers with the



department under IC 37-1-1-6(8) for the purpose of sponsoring licensed mortgage loan originators shall:

(1) cooperate with the department; and

(2) provide 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.

(b) The unique identifier of any person originating a mortgage transaction must be clearly shown on all mortgage transaction application forms and any other documents as required by the director.

(c) Every licensee shall use automated examination and regulatory software designated by the director, including third party software. Use of the software consistent with guidance and policies issued by the director is not a violation of IC 28-1-2-30.

(d) Each:

(1) creditor licensed to engage in mortgage transactions by the department; and

(2) person that is exempt from licensing and that:

(A) employs one (1) or more licensed mortgage loan originators; or

(B) sponsors one (1) or more licensed mortgage loan originators as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

shall submit to the NMLSR reports of condition, which must be in a form and must contain information as required by the NMLSR.

(e) Each:

(1) creditor licensed by the department to engage in mortgage transactions; and

(2) person that is exempt from licensing and that:

(A) employs one (1) or more licensed mortgage loan originators; or

(B) sponsors one (1) or more licensed mortgage loan originators as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

shall file with the department additional financial statements relating to all first lien mortgage transactions originated by the licensed creditor or the exempt person as required by the department, but not more frequently than annually, in the form prescribed by the department.

(f) A licensed creditor shall file notification with the department if the licensee:

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- (1) has a change in name, address, or any of its principals;
- (2) opens a new branch, closes an existing branch, or relocates an existing branch;
- (3) files for bankruptcy or reorganization; or
- (4) is subject to revocation or suspension proceedings by a state or governmental authority with regard to the licensed creditor's activities;

not later than thirty (30) days after the date of the event described in this subsection.

(g) A licensee shall file notification with the department if the licensee or any director, executive officer, or manager of the licensee has been convicted of a felony under the laws of Indiana or any other jurisdiction. The licensee shall file the notification required by this subsection not later than thirty (30) days after the date of the event described in this subsection.

(h) A licensee shall file notification with the department if the licensee or any director, executive officer, or manager of the licensee has had the person's authority to do business in the securities, commodities, banking, financial services, insurance, real estate, or real estate appraisal industry revoked or suspended by Indiana or by any other state, federal, or foreign governmental agency or self-regulatory organization. The licensee shall file the notification required by this subsection not later than thirty (30) days after the date of the event described in this subsection.

Sec. 20. (a) As used in this section, "control" means possession of the power directly or indirectly to:

- (1) direct or cause the direction of the management or policies of a creditor, whether through the beneficial ownership of voting securities, by contract, or otherwise; or
- (2) vote at least twenty-five percent (25%) of the voting securities of a creditor, whether the voting rights are derived through the beneficial ownership of voting securities, by contract, or otherwise.

(b) An organization or an individual acting directly, indirectly, or through or in concert with one (1) or more other organizations or individuals may not acquire control of any creditor unless the department has received and approved an application for change in control. The department has not more than one hundred twenty (120) days after receipt of an application to issue a notice approving the proposed change in control. The application must contain the name and address of the organization, individual, or individuals who propose to acquire control and any other

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1 information required by the director.

2 (c) The period for approval under subsection (b) may be
3 extended:

4 (1) in the discretion of the director for an additional thirty
5 (30) days; and

6 (2) not more than two (2) additional times for not more than
7 forty-five (45) days each time if:

8 (A) the director determines that the organization,
9 individual, or individuals who propose to acquire
10 control have not submitted substantial evidence of the
11 qualifications described in subsection (d);

12 (B) the director determines that any material
13 information submitted is substantially inaccurate; or

14 (C) the director has been unable to complete the
15 investigation of the organization, individual, or
16 individuals who propose to acquire control because of
17 any delay caused by or the inadequate cooperation of
18 the organization, individual, or individuals.

19 (d) The department shall issue a notice approving the
20 application only after it is satisfied that both of the following apply:

21 (1) The organization, individual, or individuals who propose
22 to acquire control are qualified by competence, experience,
23 character, and financial responsibility to control and operate
24 the creditor in a legal and proper manner.

25 (2) The interests of the owners and creditors of the creditor
26 and the interests of the public generally will not be
27 jeopardized by the proposed change in control.

28 (e) The director may determine, in the director's discretion,
29 that subsection (b) does not apply to a transaction if the director
30 determines that the direct or beneficial ownership of the creditor
31 will not change as a result of the transaction.

32 (f) The president or other chief executive officer of a creditor
33 shall report to the director any transfer or sale of securities of the
34 creditor that results in direct or indirect ownership by a holder or
35 an affiliated group of holders of at least ten percent (10%) of the
36 outstanding securities of the creditor. The report required by this
37 subsection must be made not later than ten (10) days after the
38 transfer of the securities on the books of the creditor.

39 (g) Depending on the circumstances of the transaction, the
40 director may reserve the right to require the organization,
41 individual, or individuals who propose to acquire control of a
42 creditor licensed by the department to engage in mortgage

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1 transactions, to apply for a new license under section 4 of this
 2 chapter, instead of acquiring control of the licensee under this
 3 section.

4 Sec. 21. A creditor in a first lien mortgage transaction shall
 5 comply with IC 6-1.1-12-43, to the extent applicable.

6 Sec. 22. (a) A violation by a creditor in a first lien mortgage
 7 transaction of Section 125 of the Consumer Credit Protection Act
 8 (15 U.S.C. 1635) (concerning a debtor's right to rescind a
 9 transaction) constitutes a violation of this article. A creditor may
 10 not accrue interest during the period when a first lien mortgage
 11 transaction may be rescinded under Section 125 of the Consumer
 12 Credit Protection Act (15 U.S.C. 1635).

13 (b) A creditor must make available for disbursement the
 14 proceeds of a transaction subject to subsection (a) on the later of:

- 15 (1) the date the creditor is reasonably satisfied that the
- 16 debtor has not rescinded the transaction; or
- 17 (2) the first business day after the expiration of the rescission
- 18 period under subsection (a).

19 Sec. 23. A creditor in a first lien mortgage transaction that:

- 20 (1) qualifies as a home equity conversion mortgage under the
- 21 Federal Housing Administration's program; or
- 22 (2) otherwise constitutes a reverse mortgage;

23 shall provide the debtor with a pamphlet that is approved by the
 24 department and that describes the availability of reverse mortgage
 25 counseling services provided by housing counselors approved by
 26 the Secretary of the United States Department of Housing and
 27 Urban Development, as provided in 24 CFR 206.41(a). The debtor
 28 must receive the counseling described in this section and present
 29 the creditor with the certificate described in 24 CFR 206.41(c)
 30 before the creditor may make a first lien mortgage transaction
 31 described in this section to the debtor.

32 Chapter 4. Administration

33 Sec. 1. This chapter applies to a person that engages as a
 34 creditor in first lien mortgage transactions in Indiana. The
 35 authority of this chapter remains in effect, whether a licensee,
 36 individual, or person subject to this article acts or claims to act
 37 under any licensing or registration law of Indiana or claims to act
 38 without such authority.

39 Sec. 2. (a) In addition to other powers granted by this article,
 40 the department within the limitations provided by law may:

- 41 (1) receive and act on complaints, take action designed to
- 42 obtain voluntary compliance with this article, or commence



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- 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) Liability may not be 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 the fact that after the act is done or omitted the rule, written notice, written opinion, written interpretation, or written directive may be:

- (1) amended or repealed; or
- (2) determined by judicial or other authority to be invalid;

for any reason.

Sec. 3. (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
- (B) other meetings.
- (3) Financial records, credit files, and data bases.
- (4) Other records that the department determines are necessary to perform its investigation or examination.

The department may also administer oaths or affirmations, subpoena witnesses, and compel the attendance of witnesses, including officers, principals, mortgage loan originators, employees, independent contractors, agents, and customers of



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licensees, and other individuals or persons subject to this article. The department may also adduce evidence and require the production of any matter that is relevant to an investigation. The department shall determine the sufficiency of the records maintained and whether the person has made the required information reasonably available. The records concerning any transaction subject to this article shall be retained for two (2) years after the making of the final entry relating to the first lien mortgage transaction, but in the case of a revolving first lien mortgage transaction the two (2) year period is measured from the date of each entry.

(b) The department's examination and investigatory authority under this article includes the following:

(1) The authority to require a creditor to refund overcharges resulting from the creditor's noncompliance with the terms of a first lien mortgage transaction.

(2) The authority to require a creditor to comply with the penalty provisions set forth in IC 37-1-3-1.

(3) The authority to investigate complaints filed with the department by debtors.

(c) The department shall be given free access to the records wherever the records are 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, a 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 shall have 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 the department's representative to examine the records where they are maintained. The department may designate comparable officials of the state in which the

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1 records are located to inspect the records on behalf of the
2 department.

3 (d) Upon a person's failure without lawful excuse to obey a
4 subpoena or to give testimony and upon reasonable notice by the
5 department to all affected persons, the department may apply to
6 any civil court with jurisdiction for an order compelling
7 compliance.

8 (e) The department shall not make public:

9 (1) the name or identity of a person whose acts or conduct
10 the department investigates under this section; or

11 (2) the facts discovered in the investigation.

12 However, this subsection does not apply to civil actions or
13 enforcement proceedings under this article.

14 (f) To discover violations of this article or to secure
15 information necessary for the enforcement of this article, the
16 department may investigate any:

17 (1) licensee; or

18 (2) person that the department suspects to be operating:

19 (A) without a license, when a license is required under
20 this article; or

21 (B) otherwise in violation of this article.

22 The department has all investigatory and enforcement authority
23 under this article that the department has under IC 28-11 with
24 respect to financial institutions. If the department conducts an
25 investigation under this section, the licensee or other person
26 investigated shall pay all reasonably incurred costs of the
27 investigation in accordance with the fee schedule adopted under
28 IC 28-11-3-5. Any costs required to be paid under this section shall
29 be paid not later than sixty (60) days after the person being
30 assessed the costs receives a notice from the department of the
31 costs assessed. The department may impose a fee, in an amount
32 fixed by the department under IC 28-11-3-5, for each day the
33 assessed costs are not paid, beginning on the first day after the
34 sixty (60) day period described in this subsection.

35 (g) If a creditor contracts with an outside vendor to provide a
36 service that would otherwise be undertaken internally by the
37 creditor and be subject to the department's routine examination
38 procedures, the person that provides the service to the creditor
39 shall, at the request of the director, submit to an examination by
40 the department. If the director determines that an examination
41 under this subsection is necessary or desirable, the examination
42 may be made at the expense of the person to be examined. If the



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1 person to be examined under this subsection refuses to permit the
 2 examination to be made, the director may order any creditor that
 3 is licensed by the department to engage in mortgage transactions
 4 and that receives services from the person refusing the
 5 examination to:

6 (1) discontinue receiving one (1) or more services from the
 7 person; or

8 (2) otherwise cease conducting business with the person.

9 Sec. 4. To carry out the purposes of this article, the director
 10 may:

11 (1) retain attorneys, accountants, or other professionals and
 12 specialists as examiners, auditors, or investigators to conduct
 13 or assist in the conduct of examinations or investigations;

14 (2) enter into agreements or relationships with other
 15 government officials or regulatory associations in order to
 16 improve efficiencies and reduce regulatory burden by
 17 sharing:

18 (A) resources;

19 (B) standardized or uniform methods or procedures;
 20 and

21 (C) documents, records, information, or evidence
 22 obtained under this section;

23 (3) use, hire, contract, or employ public or privately
 24 available analytical systems, methods, or software to
 25 examine or investigate a licensee, an individual, or a person
 26 subject to this article;

27 (4) accept and rely on examination or investigation reports
 28 made by other government officials within or outside
 29 Indiana; and

30 (5) accept audit reports made by an independent certified
 31 public accountant for the licensee, individual, or person
 32 subject to this article in the course of that part of the
 33 examination covering the same general subject matter as the
 34 audit and may incorporate the audit report in the report of
 35 the examination, report of investigation, or other writing of
 36 the director.

37 Sec. 5. It is a violation of this article for a person or individual
 38 subject to this article to:

39 (1) directly or indirectly employ any scheme, device, or
 40 artifice to defraud or mislead borrowers or lenders or to
 41 defraud any person;

42 (2) engage in any unfair or deceptive practice toward any



- 1 person;
- 2 (3) obtain property by fraud or misrepresentation;
- 3 (4) solicit or enter into a contract with a borrower that
- 4 provides in substance that the person or individual subject to
- 5 this article may earn a fee or commission through "best
- 6 efforts" to obtain a loan even though no loan is actually
- 7 obtained for the borrower;
- 8 (5) solicit, advertise, or enter into a contract for specific
- 9 interest rates, points, or other financing terms unless the
- 10 terms are actually available at the time of soliciting,
- 11 advertising, or contracting;
- 12 (6) conduct any business covered by this article without
- 13 holding a valid license as required under this article, or assist
- 14 or aid and abet any person in the conduct of business under
- 15 this article without a valid license as required under this
- 16 article;
- 17 (7) fail to make disclosures as required by this article or
- 18 regulation adopted under this article and any other
- 19 applicable state or federal law regulation;
- 20 (8) fail to comply with this article or rules adopted under this
- 21 article, or fail to comply with any other state or federal law,
- 22 rule, or regulation, applicable to any business authorized or
- 23 conducted under this article;
- 24 (9) make, in any manner, any false or deceptive statement or
- 25 representation, with regard to the rates, points, or other
- 26 financing terms or conditions for a mortgage transaction, or
- 27 engage in bait and switch advertising;
- 28 (10) negligently make any false statement or knowingly and
- 29 willfully make any omission of material fact in connection
- 30 with any information or reports filed with a governmental
- 31 agency or the NMLSR or in connection with any
- 32 investigation conducted by the director or another
- 33 governmental agency;
- 34 (11) make any payment, threat, or promise, directly or
- 35 indirectly, to any person for the purposes of influencing the
- 36 independent judgment of the person in connection with a
- 37 mortgage transaction, or make any payment, threat, or
- 38 promise, directly or indirectly, to any appraiser of a
- 39 property, for the purposes of influencing the independent
- 40 judgment of the appraiser with respect to the value of the
- 41 property;
- 42 (12) collect, charge, attempt to collect or charge, or use or

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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;

(2) grant any temporary relief or restraining order the court considers just; and



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(3) enter an order:

(A) enforcing;

(B) modifying;

(C) enforcing as modified; or

(D) setting aside;

in whole or in part, the order of the department; or

(4) enter an order remanding the case to the department for further proceedings.

(c) An objection not urged at the hearing shall not be considered by the court unless the failure to urge the objection is excused for good cause shown. A party may move the court to remand the case to the department in the interest of justice for the purpose of:

(1) adducing additional specified and material evidence; and

(2) seeking a finding upon such evidence;

upon good cause shown for the failure to previously adduce this evidence before the department.

(d) The jurisdiction of the court is exclusive and the court's final judgment or decree is subject to review on appeal in the same manner and form and with the same effect as in appeals from a final judgment or decree. The department's copy of the testimony shall be available at reasonable times to all parties for examination without cost.

(e) A proceeding for review under this section must be initiated not later than thirty (30) days after a copy of the order of the department is received. If a proceeding is not initiated within the time set forth in this subsection, the department may obtain a decree of a civil court with jurisdiction for enforcement of the department's order upon a showing that:

(1) the order was issued in compliance with this section;

(2) a proceeding for review was not initiated within the thirty (30) day period prescribed by this subsection; and

(3) the respondent is subject to the jurisdiction of the court.

(f) With respect to unconscionable agreements or fraudulent or unconscionable conduct by a respondent, the department may not issue an order under this section but may bring a civil action for an injunction under section 12 of this chapter.

Sec. 8. If it is claimed that a person has engaged in conduct subject to an order by:

(1) the department under section 7(a) of this chapter; or

(2) a court under sections 9 through 11 of this chapter;

the department may accept an assurance in writing that the person

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1 will not engage in the conduct in the future. If a person giving an
 2 assurance of discontinuance fails to comply with the terms of the
 3 assurance, the assurance is evidence that before the assurance was
 4 issued the person engaged in the conduct described in the
 5 assurance.

6 Sec. 9. The department may bring a civil action to restrain a
 7 person from violating this article or other state or federal law, rule,
 8 or regulation and for other appropriate relief.

9 Sec. 10. (a) As used in this section, "deceptive act" means an
 10 act or a practice in which a person knowingly or intentionally:

- 11 (1) makes a material misrepresentation concerning; or
- 12 (2) conceals material information regarding the terms or
- 13 conditions of;

14 a first lien mortgage transaction.

15 (b) For purposes of this section, "knowingly" means having
 16 actual knowledge at the time of the transaction.

17 (c) The department may bring a civil action to enjoin a
 18 deceptive act performed in connection with a first lien mortgage
 19 transaction.

20 Sec. 11. With respect to an action brought under:

- 21 (1) section 9 of this chapter to enjoin violations of this article;
- 22 or
- 23 (2) section 10 of this chapter to enjoin deceptive acts;

24 the department may apply to the court for appropriate temporary
 25 relief against a respondent, pending final determination of the
 26 proceedings. If the court finds after a hearing held upon notice to
 27 the respondent that there is reasonable cause to believe that the
 28 respondent is engaging in or is likely to engage in the conduct
 29 sought to be restrained, the court may grant any temporary relief
 30 or restraining order the court considers appropriate.

31 Sec. 12. (a) The department may bring a civil action against a
 32 creditor or a person acting on behalf of the creditor to recover a
 33 civil penalty for willfully violating this article. If the court finds
 34 that the defendant has engaged in a course of repeated and willful
 35 violations of this article, the court may assess a civil penalty of not
 36 more than five thousand dollars (\$5,000). A civil penalty may not
 37 be imposed under this subsection:

- 38 (1) for violations of this article occurring more than two (2)
- 39 years before the action is brought; or
- 40 (2) for making unconscionable agreements or engaging in a
- 41 course of fraudulent or unconscionable conduct.

42 (b) If the department determines, after notice and an

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1 opportunity to be heard, that a person has violated this article, the
 2 department may, in addition to or instead of all other remedies
 3 available under this section, impose upon the person a civil penalty
 4 not greater than ten thousand dollars (\$10,000) per violation.

5 (c) If the department determines, after notice and opportunity
 6 to be heard, that a person has willfully violated this article, the
 7 department may, in addition to or instead of all other remedies
 8 available under this section, order restitution against the person
 9 subject to this article for a violation of this article.

10 Sec. 13. The grant of powers to the department under this
 11 article does not affect remedies available to debtors under this
 12 article or under other principles of law or equity.

13 Sec. 14. The department may bring an action or a proceeding
 14 in a court in a county:

15 (1) in which an act on which the action or proceeding is
 16 based occurred;

17 (2) in which the respondent resides or transacts business; or

18 (3) in which the action or proceeding is otherwise authorized
 19 by rule or venue laws.

20 ARTICLE 2. UNIFORM CONSUMER CREDIT CODE

21 Chapter 1. General Provisions

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

25 Sec. 0.3. A contract entered into in accordance with IC 24-4.5
 26 (before its repeal) is considered a contract entered into in
 27 accordance with this article.

28 Sec. 0.5. Any document, website, or business communication
 29 created in accordance with IC 24-4.5 (before its repeal) is
 30 considered a document, website, or business communication
 31 created in accordance with this article.

32 Sec. 1. (a) This article shall be liberally construed and applied
 33 to promote the following underlying purposes and policies of this
 34 article:

35 (1) To simplify, clarify, and modernize the law governing
 36 retail installment sales, consumer credit, small loans, and
 37 usury.

38 (2) To provide rate ceilings to assure an adequate supply of
 39 credit to consumers.

40 (3) To further consumer understanding of the terms of credit
 41 transactions and to foster competition among suppliers of
 42 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

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invalidating cause) shall supplement the provisions of this article.

Sec. 3. This article is a general statute intended to provide unified coverage of its subject matter. Subsequent legislation may not be construed to repeal any part of the article by implication if the 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) The dollar amounts in this article designated as subject to change shall change, as provided in this section, according to the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items, 1957-59 equals 100, compiled by Bureau of Labor Statistics, United States Department of Labor, and referred to in this section as the Index. The Index for October 1971, is the Reference Base Index.

(b) The dollar amounts shall change on January 1 of each odd-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the Index at the end of the preceding odd-numbered year and the Reference Base Index is ten percent (10%) or more, except that:

(1) the portion of the percentage change in the Index in excess of a multiple of ten percent (10%) shall be disregarded and the dollar amounts shall change only in multiples of ten percent (10%) of the amounts on March 5, 1971;

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

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

(c) If the Index is revised after December 1967, the percentage of change shall be calculated on the basis of the revised Index. If the revision of the Index changes the Reference Base Index, a revised Reference Base Index shall be determined by multiplying the Reference Base Index by the ratio of the revised Index to the current Index, as each was for the first month in which the revised Index is available. If the Index is superseded, the Index is the one



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1 represented by the Bureau of Labor Statistics as reflecting most
 2 accurately changes in the purchasing power of the dollar for
 3 consumers.

4 (d) The department shall issue a rule under IC 4-22-2
 5 announcing:

6 (1) sixty (60) days before January 1 of each odd-numbered
 7 year in which dollar amounts are to change, the changes in
 8 dollar amounts required by subsection (b); and

9 (2) promptly after the changes occur, changes in the Index
 10 required by subsection (c), including, when applicable, the
 11 numerical equivalent of the Reference Base Index under a
 12 revised Reference Base Index and the designation or title of
 13 any index superseding the Index.

14 (e) A person does not violate this article through a transaction
 15 otherwise complying with this article if the person relies on dollar
 16 amounts either determined according to subsection (b) or
 17 appearing in the last rule of the department announcing the then
 18 current dollar amounts.

19 Sec. 6. (a) Except as otherwise provided in this article, a buyer,
 20 lessee, or debtor may not waive or agree to forego rights or
 21 benefits under this article.

22 (b) A claim by a buyer, lessee, or debtor against a creditor for
 23 an excess charge, other violation of this article, or civil penalty, or
 24 a claim against a buyer, lessee, or debtor for default or breach of
 25 a duty imposed by this article, if disputed in good faith, may be
 26 settled by agreement.

27 (c) A claim, whether or not disputed against a buyer, lessee, or
 28 debtor may be settled for less value than the amount claimed.

29 (d) A settlement in which the buyer, lessee, or debtor waives or
 30 agrees to forego rights or benefits under this article is invalid if the
 31 court as a matter of law finds the settlement to have been
 32 unconscionable at the time it was made. The competence of the
 33 buyer, lessee, or debtor, any deception or coercion practiced upon
 34 the buyer, lessee, or debtor, the nature and extent of the legal
 35 advice received by the buyer, lessee, or debtor, and the value of the
 36 consideration are relevant to the issue of unconscionability.

37 Sec. 7. (a) This article prescribes maximum charges for all
 38 creditors, except lessors and those excluded under section 10 of this
 39 chapter, extending consumer credit, including consumer credit
 40 sales, consumer loans, and consumer related sales and loans, and
 41 displaces existing limitations on the powers of those creditors based
 42 on maximum charges.



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(b) With respect to sellers of goods or services, small loan companies, licensed lenders, consumer and sales finance companies, industrial loan and investment companies, and commercial banks and trust companies, this article displaces existing limitations on their powers based solely on amount or duration of credit.

(c) Except as provided in subsection (a) and IC 24-4.6-1, this article does not displace limitations on powers of credit unions, savings banks, savings or building and loan associations, or other thrift institutions whether organized for the profit of shareholders or as mutual organizations.

(d) Except as provided in subsections (a) and (b), this article does not displace:

(1) limitations on powers of depository institutions with respect to the amount of a loan to a single borrower, the ratio of a loan to the value of collateral, the duration of a loan that is a mortgage transaction, or other similar restrictions designed to protect deposits; or

(2) limitations on powers an organization is authorized to exercise under the laws of this state or the United States.

Sec. 8. All persons licensed on October 1, 1971, under:

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

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

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

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

are licensed to make supervised loans under this article, subject to the renewal provisions contained in this article. All provisions of this article apply to the persons previously licensed or authorized. The department may deliver evidence of licensing to the persons previously licensed or authorized.

Sec. 9. (a) Except as otherwise provided in this section, this article applies to sales, leases, and loans made in this state and to modifications, including refinancings, consolidations, and deferrals, made in this state, of sales, leases, and loans, wherever made. For purposes of this article, the following apply:

(1) A sale or modification of a sale agreement is made in this state if the buyer's agreement or offer to purchase or to modify is received by the seller or a person acting on behalf of the seller in this state.

(2) A lease or modification of a lease agreement is made in this state if the lessee's agreement or offer to lease or to modify is received by the lessor or a person acting on behalf



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1 of the lessor in this state.

2 (3) A loan or modification of a loan agreement is made in this
3 state if a writing signed by the debtor and evidencing the
4 debt is received by the lender or a person acting on behalf of
5 the lender in this state.

6 (4) Except as provided in subdivisions (5) and (6), a sale,
7 lease, or loan transaction occurs in Indiana if a consumer
8 who is a resident of Indiana enters into a consumer sale,
9 lease, or loan transaction with a creditor or a person acting
10 on behalf of the creditor in another state and the creditor or
11 the person acting on behalf of the creditor has advertised or
12 solicited sales, leases, or loans in Indiana by any means,
13 including by mail, brochure, telephone, print, radio,
14 television, the Internet, or electronic means.

15 (5) A sale, lease, or loan transaction does not occur in
16 Indiana if a consumer who is a resident of Indiana enters
17 into a consumer sale, lease, or loan transaction secured by an
18 interest in land located outside Indiana.

19 (6) A sale, lease, or loan transaction does not occur in
20 Indiana if a consumer who is a resident of Indiana enters
21 into a consumer sale, lease, or loan transaction at a creditor's
22 place of business in another state.

23 For purposes of subdivisions (1) through (4), an offer is received by
24 a creditor or a person acting on behalf of the creditor in Indiana if
25 the offer is physically delivered, or otherwise transmitted or
26 communicated, to a person who has actual or apparent authority
27 to act for the creditor or the person acting on behalf of the creditor
28 in Indiana, regardless of whether approval, acceptance, or
29 ratification by any other agent or representative of the creditor or
30 the person acting on behalf of the creditor in another state is
31 necessary to give legal consequence to the consumer credit
32 transaction.

33 (b) IC 37-2-6-1 through IC 37-2-6-7 apply to actions or other
34 proceedings brought in this state to enforce rights arising from
35 consumer credit sales, consumer leases, or consumer loans, or
36 extortionate extensions of credit, wherever made.

37 (c) Except as provided in subsection (b), a sale, lease, loan, or
38 modification thereof, made in another state to a person who was
39 not a resident of this state when the sale, lease, loan, or
40 modification was made is valid and enforceable in this state
41 according to its terms to the extent that it is valid and enforceable
42 under the laws of the state applicable to the transaction.



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(d) For the purposes of this article, the residence of a buyer, lessee, or debtor is the address given by the buyer, lessee, or debtor as the buyer's, lessee's, or debtor's residence in any writing or electronic communication made by the buyer, lessee, or debtor in connection with a credit transaction. Until the buyer, lessee, or debtor notifies the creditor or the person acting on behalf of the creditor of a new or different address, the given address is presumed to be unchanged.

(e) Notwithstanding other provisions of this section:

(1) except as provided in subsection (b), this article does not apply if the buyer, lessee, or debtor is not a resident of this state at the time of a credit transaction and the parties then agree that the law of the buyer's, lessee's, or debtor's residence applies; and

(2) this article applies if the buyer, lessee, or debtor is a resident of this state at the time of a credit transaction and the parties then agree that the law of this state applies.

(f) Except as provided in subsection (e), the following agreements by a buyer, lessee, or debtor are invalid with respect to consumer credit sales, consumer leases, consumer loans, or modifications thereof, to which this article applies:

(1) An agreement that the law of another state shall apply.

(2) An agreement that the buyer, lessee, or debtor consents to the jurisdiction of another state.

(3) An agreement that fixes venue.

(g) The following provisions of this article specify the applicable law governing certain cases:

(1) IC 37-2-7-1 (applicability of the provisions on powers and functions of the department).

(2) IC 37-2-7-24 (applicability of the provisions on notification and fees).

(h) If a creditor or a person acting on behalf of the creditor has violated the provisions of this article that apply to the authority to make consumer loans (IC 37-2-4-23), the loan is void and the debtor is not obligated to pay either the principal or loan finance charge, as set forth in IC 37-2-6-9.

Sec. 10. This article does not apply to the following:

(1) Extensions of credit to or by a government or governmental agencies or instrumentalities.

(2) The sale of insurance by an insurer, except as otherwise provided in the chapter on insurance (IC 37-2-5).

(3) Transactions under public utility, municipal utility, or



common carrier tariffs if a subdivision or agency of this state or of the United States regulates the charges for the services involved, the charges for delayed payment, and any discount allowed for early payment.

(4) The rates and charges and the disclosure of rates and charges of a licensed pawnbroker established in accordance with a statute or ordinance concerning these matters.

(5) A sale of goods, services, or an interest in land in which the goods, services, or interest in land are purchased primarily for a purpose other than a personal, family, or household purpose.

(6) A loan in which the debt is incurred primarily for a purpose other than a personal, family, or household purpose.

(7) An extension of credit primarily for a business, a commercial, or an agricultural purpose.

(8) An installment agreement for the purchase of home fuels in which a finance charge is not imposed.

(9) Loans made, insured, or guaranteed under a program authorized by Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(10) Transactions in securities or commodities accounts in which credit is extended by a broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission.

(11) Except for IC 37-2-4-24(d), IC 37-2-4-29, IC 37-2-4-33(d), and IC 37-2-4-33(e), a loan 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.

(12) Except for IC 37-2-4-24(d), IC 37-2-4-29, IC 37-2-4-33(d), and IC 37-2-4-33(e), a subordinate 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 Housing and Community Development Act of 1974, Public Law 93-383, as amended (42 U.S.C. 5301 et seq.).

(13) The United States, any state or local government, or any agency or instrumentality of any governmental entity, including United States government sponsored enterprises

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1 and state educational institutions (as defined in
2 IC 21-7-13-32). For purposes of this subdivision, an
3 "instrumentality" of a governmental entity includes a
4 foundation, a corporate or nonprofit subsidiary, or an
5 affiliate of the governmental entity.

6 (14) A bona fide nonprofit organization not operating in a
7 commercial context, as determined by the director, if the
8 following criteria are satisfied:

9 (A) Subject to clause (B), the organization originates
10 only one (1) or both of the following types of mortgage
11 transactions:

12 (i) Zero (0) interest first lien mortgage transactions.

13 (ii) Zero (0) interest subordinate lien mortgage
14 transactions.

15 (B) The organization does not require, under the terms
16 of the mortgage or otherwise, balloon payments with
17 respect to the mortgage transactions described in clause
18 (A).

19 (C) The organization is exempt from federal income
20 taxation under Section 501(c)(3) of the Internal Revenue
21 Code.

22 (D) The organization's primary purpose is to serve the
23 public by helping low income individuals and families
24 build, repair, and purchase housing.

25 (E) The organization uses only:

26 (i) unpaid volunteers; or

27 (ii) employees whose compensation is not based on
28 the number or size of any mortgage transactions
29 that the employees originate;

30 to originate the mortgage transactions described in
31 clause (A).

32 (F) The organization does not charge loan origination
33 fees in connection with the mortgage transactions
34 described in clause (A).

35 (15) A bona fide nonprofit organization if the following
36 criteria are satisfied:

37 (A) For each calendar year that the organization seeks
38 the exemption provided by this subdivision, the
39 organization certifies, not later than December 31 of the
40 preceding calendar year and on a form prescribed by
41 the director and accompanied by such documentation as
42 required by the director, that the organization is a bona

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1 fide nonprofit organization.

2 (B) The director determines that the organization
3 originates only mortgage transactions that are favorable
4 to the debtor. For purposes of this clause, a mortgage
5 transaction is favorable to the debtor if the director
6 determines that the terms of the mortgage transaction
7 are consistent with terms of mortgage transactions made
8 in a public or charitable context, rather than in a
9 commercial context.

10 Sec. 11. In examinations or other regulatory activities
11 conducted by the department and related to licensees under this
12 article, the department may cooperate with the Indiana securities
13 commissioner in the regulation of individuals who, in addition to
14 conducting business regulated under this article, also conduct a
15 loan broker business subject to IC 23-2.5.

16 Chapter 2. Definitions

17 Sec. 1. The definitions set forth in this chapter apply
18 throughout this article:

19 Sec. 2. "Affiliate", with respect to any person subject to this
20 article, means a person that, directly or indirectly, through one (1)
21 or more intermediaries:

- 22 (1) controls;
- 23 (2) is controlled by; or
- 24 (3) is under common control with;

25 the person subject to this article.

26 Sec. 2.5. "Amount financed" means the total of the following
27 to the extent that payment is deferred:

- 28 (1) The cash price of the goods, services, or interest in land
29 less the amount of down payment whether made in cash or
30 property.
- 31 (2) The amount actually paid or to be paid by the seller
32 pursuant to an agreement with the buyer to discharge a
33 security interest or lien on property traded in.
- 34 (3) If not included in the cash price:
- 35 (A) any applicable sales, use, excise or documentary
36 fees;
- 37 (B) amounts actually paid or to be paid by the seller for
38 registration, certificate of title, or license fees; and
- 39 (C) additional charges permitted by IC 37-2-3-5.

40 Sec. 3. "Agreement" means the bargain of the parties in fact
41 as found in their language or by implication from other
42 circumstances, including course of dealing or usage of trade or



1 course of performance.

2 Sec. 4. "Agricultural purpose" means a purpose related to the
3 production, harvest, exhibition, marketing, transportation,
4 processing, or manufacture of agricultural products by a natural
5 person who cultivates, plants, propagates, or nurtures the
6 agricultural products. "Agricultural products" includes
7 agricultural, horticultural, viticultural, and dairy products,
8 livestock, wildlife, poultry, bees, forest products, fish and shellfish,
9 and any and all products raised or produced on farms and any
10 processed or manufactured products thereof.

11 Sec. 5. "Average daily balance" means the sum of each of the
12 daily balances in a billing cycle divided by the number of days in
13 the billing cycle, and if the billing cycle is a month, the creditor
14 may elect to treat the number of days in each billing cycle as thirty
15 (30).

16 Sec. 6. "Balloon payment", with respect to a mortgage
17 transaction, means any payment that:

- 18 (1) the creditor requires the debtor to make at any time
- 19 during the term of the mortgage;
- 20 (2) represents the entire amount of the outstanding balance
- 21 with respect to the mortgage; and
- 22 (3) the entire amount of which is due as of a specified date or
- 23 at the end of a specified period;

24 if the aggregate amount of the minimum periodic payments
25 required under the mortgage would not fully amortize the
26 outstanding balance by the specified date or at the end of the
27 specified period. The term does not include a payment required by
28 a creditor under a due-on-sale clause (as defined in 12 U.S.C.
29 1701j-3(a)) or a payment required by a creditor under a provision
30 in the mortgage that permits the creditor to accelerate the debt
31 upon the debtor's default or failure to abide by the material terms
32 of the mortgage.

33 Sec. 7. "Bona fide nonprofit organization" means an
34 organization that does the following, as determined by the director
35 under criteria established by the director:

- 36 (1) Maintains tax exempt status under Section 501(c)(3) of
- 37 the Internal Revenue Code.
- 38 (2) Promotes affordable housing or provides home ownership
- 39 education or similar services.
- 40 (3) Conducts the organization's activities in a manner that
- 41 serves public or charitable purposes.
- 42 (4) Receives funding and revenue and charges fees in a



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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 37-2-1-10(15)) 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. 7.5. "Cash price" means the price at which the goods, services, or interest in land are offered for sale by the seller to cash buyers in the ordinary course of business, and may include:

- (1) applicable sales, use, and excise and documentary fees;
- (2) the cash price of accessories or related services such as delivery, installation, servicing, repairs, alterations, service contracts, and improvements; and
- (3) amounts actually paid or to be paid by the seller for registration, certificate of title, or license fees.

Sec. 7.7. "Civil court" means any court of Indiana having civil jurisdiction.

Sec. 8. "Closing costs" with respect to a subordinate lien mortgage transaction includes:

- (1) fees or premiums for title examination, title insurance, or similar purposes, including surveys;
- (2) fees for preparation of a deed, settlement statement, or other documents;
- (3) escrows for future payments of taxes and insurance;
- (4) fees for notarizing deeds and other documents;
- (5) appraisal fees; and
- (6) fees for credit reports.

Sec. 9. "Conspicuous" refers to a term or clause when it is so written that a reasonable person against whom it is to operate ought to have noticed it.

Sec. 10. "Consumer credit" means credit offered or extended to a consumer primarily for a personal, family, or household purpose.



1 **Sec. 10.5. "Consumer credit insurance" means insurance,**
 2 **other than insurance on property, by which the satisfaction of debt**
 3 **in whole or in part is a benefit provided, but does not include:**

4 **(1) insurance issued as an isolated transaction on the part of**
 5 **the insurer not related to an agreement or plan for insuring**
 6 **debtors of the creditor; or**

7 **(2) insurance indemnifying the creditor against loss due to**
 8 **the debtor's default.**

9 **Sec. 11. "Consumer Credit Protection Act" refers to the**
 10 **Consumer Credit Protection Act (15 U.S.C. 1601 et seq.), as**
 11 **amended, and includes both the Truth in Lending Simplification**
 12 **and Reform Act amendments (Public Law 96-221, Title VI, 94 Stat.**
 13 **168) and any regulations issued under those laws. However, the**
 14 **department may otherwise define this term by rule issued in**
 15 **accordance with IC 37-2-7-7.**

16 **Sec. 12. "Consumer credit sale" is a sale of goods, services, or**
 17 **an interest in land in which:**

18 **(1) credit is granted by a person who regularly engages as a**
 19 **seller in credit transactions of the same kind;**

20 **(2) the buyer is a person other than an organization;**

21 **(3) the goods, services, or interest in land are purchased**
 22 **primarily for a personal, family, or household purpose;**

23 **(4) either the debt is payable in installments or a credit**
 24 **service charge is made; and**

25 **(5) with respect to a sale of goods or services, either:**

26 **(A) the amount of credit extended, the written credit**
 27 **limit, or the initial advance does not exceed the exempt**
 28 **threshold amount, as adjusted in accordance with the**
 29 **annual adjustment of the exempt threshold amount,**
 30 **specified in Regulation Z (12 CFR 226.3 or 12 CFR**
 31 **1026.3(b), as applicable); or**

32 **(B) the debt is secured by personal property used or**
 33 **expected to be used as the principal dwelling of the**
 34 **buyer.**

35 **Unless the sale is made subject to this article by agreement**
 36 **under IC 37-2-3-29, "consumer credit sale" does not include**
 37 **a sale in which the seller allows the buyer to purchase goods**
 38 **or services pursuant to a lender credit card or similar**
 39 **arrangement or, except as provided with respect to**
 40 **disclosure (IC 37-2-3-13), debtors' remedies (IC 37-2-6-8),**
 41 **providing payoff amounts (IC 37-2-3-11), and powers and**
 42 **functions of the department (IC 37-2-7), a sale of an interest**



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in land which is a first lien mortgage transaction.

Sec. 12.5. "Consumer lease" means a lease of goods:

(1) which a lessor regularly engaged in the business of leasing makes to a person, other than an organization, who takes under the lease primarily for a personal, family, or household 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 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.

Sec. 13.5. "Consumer related sale" means a sale of goods, services, or an interest in land in which:

(1) credit is granted by a person that is not regularly engaged 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:

(A) either 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. 14. "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. 14.5. "Credit service charge" means the sum of:

(1) all charges payable directly or indirectly by the buyer and imposed directly or indirectly by the seller as an incident to the extension of credit, including any of the following types of charges which are applicable: time price differential, service, carrying or other charge, however denominated, premium or other charge for any guarantee or insurance protecting the seller against the buyer's default or other credit loss; and

(2) charges incurred for investigating the collateral or



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1 credit-worthiness of the buyer.

2 The term does not include charges as a result of default, additional
3 charges (IC 37-2-3-5), delinquency charges (IC 37-2-3-6), or
4 deferral charges (IC 37-2-3-7). The term does not include charges
5 paid or payable to a third party that are not required by the seller
6 as a condition or incident to the extension of credit except for
7 borrower paid mortgage broker fees, including fees paid directly
8 to the broker or the seller (for delivery to the broker), whether the
9 fees are paid in cash or financed. However, borrower paid
10 mortgage broker fees do not include fees paid to a mortgage broker
11 by a creditor, including yield spread premiums and service release
12 fees.

13 Sec. 15. "Creditor" means a person:

14 (1) who regularly engages in the extension of consumer
15 credit that is subject to a credit service charge or loan
16 finance charge, as applicable, or is payable by written
17 agreement in more than four (4) installments (not including
18 a down payment); and

19 (2) to whom the obligation is initially payable, either on the
20 face of the note or contract, or by agreement when there is
21 not a note or contract.

22 Sec. 15.5. "Debt cancellation agreement" means an agreement
23 that provides coverage for payment or satisfaction of all or part of
24 a debt in the event of the loss of life, health, or income. The term
25 does not include a GAP agreement.

26 Sec. 15.7. "Department" refers to the department of financial
27 institutions.

28 Sec. 16. "Depository institution" has the meaning set forth in
29 the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes
30 any credit union.

31 Sec. 17. "Director" means the director of the department of
32 financial institutions or the director's designee.

33 Sec. 18. "Dwelling" means a residential structure that contains
34 one (1) to four (4) units, regardless of whether the structure is
35 attached to real property. The term includes an individual:

- 36 (1) condominium unit;
- 37 (2) cooperative unit;
- 38 (3) mobile home; or
- 39 (4) trailer;

40 that is used as a residence.

41 Sec. 19. "Earnings" means compensation paid or payable for
42 personal services, whether denominated as wages, salary,



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1 commission, bonus, or otherwise, and includes periodic payments
2 under a pension or retirement program.

3 Sec. 20. "Employee" means an individual who is paid wages or
4 other compensation by an employer required under federal income
5 tax law to file Form W-2 on behalf of the individual.

6 Sec. 20.5. "Expedited payment service" means a service
7 offered to a consumer to ensure that a payment made by the
8 consumer with respect to a consumer credit sale or a consumer
9 loan will be reflected as paid and posted on an expedited basis.

10 Sec. 21. "Federal banking agencies" means the Board of
11 Governors of the Federal Reserve System, the Office of the
12 Comptroller of the Currency, the National Credit Union
13 Administration, and the Federal Deposit Insurance Corporation.

14 Sec. 21.5. "First lien mortgage transaction" means:

15 (1) a consumer loan; or

16 (2) a consumer credit sale;

17 that is or will be used by the debtor primarily for personal, family,
18 or household purposes and that is secured by a mortgage or a land
19 contract (or another consensual security interest equivalent to a
20 mortgage or a land contract) that constitutes a first lien on a
21 dwelling or on residential real estate upon which a dwelling is
22 constructed or intended to be constructed.

23 Sec. 22. "Guaranteed asset protection agreement",
24 "guaranteed auto protection agreement", or "GAP agreement"
25 means, with respect to a consumer credit sale or a consumer loan
26 involving a motor vehicle or another titled asset, an agreement in
27 which the seller or lender agrees to cancel or waive all or part of
28 the outstanding debt after all property insurance benefits have
29 been exhausted after the occurrence of a specified event.

30 Sec. 22.5. "Goods" includes goods not in existence at the time
31 the transaction is entered into and merchandise certificates, but
32 excludes money, chattel paper, documents of title, and instruments.

33 Sec. 22.7. "Home solicitation sale" means a consumer credit
34 sale of goods, other than farm equipment, or services in which:

35 (1) the seller or a person acting for the seller engages in a
36 personal solicitation of the sale, including a solicitation over
37 the telephone, at a residence of the buyer and the buyer's
38 agreement or offer to purchase is there given to the seller or
39 a person acting for the seller; or

40 (2) the seller or the seller's agent, solicits a sale in a city or
41 town in which the seller does not have a permanent business
42 establishment, through mailings, advertisements, or

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1 telephone calls, which require the buyer to meet the seller or
 2 the seller's agent at a place other than the seller's permanent
 3 business establishment.

4 The term does not include a sale made pursuant to a preexisting
 5 revolving charge account, or a sale made pursuant to prior
 6 negotiations between the parties at a business establishment at a
 7 fixed location where goods or services are offered or exhibited for
 8 sale.

9 Sec. 23. "Immediate family member" means a spouse, child,
 10 sibling, parent, grandparent, or grandchild. The term includes
 11 stepparents, stepchildren, stepsiblings, and adoptive relationships.

12 Sec. 24. "Individual" means a natural person.

13 Sec. 25. "Land contract" means a contract for the sale of real
 14 estate in which the seller of the real estate retains legal title to the
 15 real estate until the total contract price is paid by the buyer.

16 Sec. 25.5. Except as otherwise provided, "lender" means a
 17 person regularly engaged in making consumer loans. The term
 18 includes an assignee of the lender's right to payment but use of the
 19 term does not in itself impose on an assignee any obligation of the
 20 lender with respect to events occurring before the assignment.

21 Sec. 26. "Lender credit card or similar arrangement" means
 22 an arrangement or loan agreement, other than a seller credit card,
 23 pursuant to which a lender gives a debtor the privilege of using a
 24 credit card, letter of credit, or other credit confirmation or
 25 identification in transactions out of which debt arises:

- 26 (1) by the lender's honoring a draft or similar order for the
- 27 payment of money drawn or accepted by the debtor;
- 28 (2) by the lender's payment or agreement to pay the debtor's
- 29 obligations; or
- 30 (3) by the lender's purchase from the obligee of the debtor's
- 31 obligations.

32 Sec. 27. "Licensee" means a person licensed as a creditor
 33 under this article.

34 Sec. 27.5. "Loan" includes:

- 35 (1) the creation of debt by the lender's payment of or
- 36 agreement to pay money to the debtor or to a third party for
- 37 the account of the debtor;
- 38 (2) the creation of debt by a credit to an account with the
- 39 lender upon which the debtor is entitled to draw
- 40 immediately;
- 41 (3) the creation of debt pursuant to a lender credit card or
- 42 similar arrangement; and



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(4) the forbearance of debt arising from a loan.

Sec. 28. "Loan brokerage business" means any activity in which a person, in return for any consideration from any source, procures, attempts to procure, or assists in procuring, a mortgage transaction from a third party or any other person, whether or not the person seeking the mortgage transaction actually obtains the mortgage transaction.

Sec. 28.5. (a) "Loan finance charge" means the sum of:

(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



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1 information common for the processing or underwriting of
2 a 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
6 include:

7 (A) offering or negotiating loan rates or terms; or

8 (B) counseling consumers about mortgage transaction
9 rates or terms.

10 The term "loan processor or underwriter" does not include an
11 individual who is an employee of a person that is not engaged in
12 mortgage transactions as a creditor if that person is permitted to
13 voluntarily register with the department to sponsor the individual
14 under IC 37-1-1-6(8) to engage solely in the activities described in
15 this subdivision. An individual engaging solely in loan processor or
16 underwriter activities shall not represent to the public through
17 advertising or other means of communicating or providing
18 information, including the use of business cards, stationery,
19 brochures, signs, rate lists, or other promotional items, that the
20 individual can or will perform any of the activities of a mortgage
21 loan originator. However, an individual who is licensed as a
22 mortgage loan originator under IC 37-1 and 750 IAC 9-3, and who
23 is sponsored by a person, as permitted by IC 37-1-1-6(8), to engage
24 solely as a third party loan processor or underwriter, is subject to
25 the prohibition set forth in this subdivision with respect to the
26 individual's engagement under the sponsorship.

27 Sec. 29.5. "Merchandise certificate" means a writing issued by
28 a seller not redeemable in cash and usable in its face amount in lieu
29 of cash in exchange for goods or services.

30 Sec. 30. "Mortgage loan originator" means an individual who,
31 for compensation or gain, or in the expectation of compensation or
32 gain, regularly engages in taking a mortgage transaction
33 application or in offering or negotiating the terms of a mortgage
34 transaction that either is made under this article or under IC 37-1
35 or is made by an employee of a person licensed to engage in
36 mortgage transactions or by an employee of a person that is
37 exempt from licensing, while the employee is engaging in the loan
38 brokerage business. The term does not include the following:

39 (1) An individual engaged solely as a loan processor or
40 underwriter as long as the individual works exclusively as an
41 employee of a person licensed to engage in mortgage
42 transactions or as an employee of a person exempt from

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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.



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1 **Sec. 34. "Nontraditional mortgage product" means any**
 2 **mortgage product other than a thirty (30) year fixed rate**
 3 **mortgage.**

4 **Sec. 35. "Official fees" means:**

5 (1) fees and charges prescribed by law which actually are or
 6 will be paid to public officials for determining the existence
 7 of or for perfecting, releasing, or satisfying a security
 8 interest related to a consumer credit sale, consumer lease, or
 9 consumer loan; or

10 (2) premiums payable for insurance in lieu of perfecting a
 11 security interest otherwise required by the creditor in
 12 connection with the sale, lease, or loan, if the premium does
 13 not exceed the fees and charges described in subdivision (1)
 14 that would otherwise be payable.

15 **Sec. 36. "Organization" means a corporation, a government**
 16 **or governmental subdivision, an agency, a trust, an estate, a**
 17 **partnership, a limited liability company, a cooperative, an**
 18 **association, a joint venture, an unincorporated organization, or**
 19 **any other entity, however organized.**

20 **Sec. 37. "Payable in installments" means that payment is**
 21 **required or permitted by written agreement to be made in more**
 22 **than four (4) installments not including a down payment.**

23 **Sec. 38. "Person" includes an individual or an organization.**

24 **Sec. 39. "Person related to" with respect to an individual**
 25 **means:**

26 (1) the spouse of the individual;

27 (2) a brother, brother-in-law, sister, or sister-in-law of the
 28 individual;

29 (3) an ancestor or lineal descendants of the individual or the
 30 individual's spouse; and

31 (4) any other relative, by blood or marriage, of the individual
 32 or the individual's spouse who shares the same home with the
 33 individual.

34 **Sec. 40. "Person related to" with respect to an organization**
 35 **means:**

36 (1) a person directly or indirectly controlling, controlled by,
 37 or under common control with the organization;

38 (2) a director, an executive officer, or a manager of the
 39 organization or a person performing similar functions with
 40 respect to the organization or to a person related to the
 41 organization;

42 (3) the spouse of a person related to the organization; and



(4) a relative by blood or marriage of a person related to the organization who shares the same home with the person.

Sec. 40.5. "Principal" of a loan means the total of:

(1) the net amount paid to, receivable by, or paid or payable for the account of the debtor;

(2) the amount of any discount excluded from the loan finance charge (section 28.5(b) of this chapter); and

(3) to the extent that payment is deferred:

(A) amounts actually paid or to be paid by the lender for registration, certificate of title, or license fees if not included in subdivision (1); and

(B) additional charges permitted by IC 37-2-4-5.

The term does not include any loan proceeds held as security for the loan.

Sec. 41. "Presumed" or "presumption" means that the trier of fact must find the existence of the fact presumed, unless and until evidence is introduced that would support a finding of its nonexistence.

Sec. 42. "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 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. 43. "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. 44. "Regularly engaged", with respect to a person who extends consumer credit, refers to a person who:

(1) extended consumer credit:

(A) more than twenty-five (25) times; or

(B) more than five (5) times for a mortgage transaction secured by a dwelling;

in the preceding calendar year; or

(2) extends or will extend consumer credit:

(A) more than twenty-five (25) times; or

(B) more than five (5) times for a mortgage transaction secured by a dwelling;

in the current calendar year, if the person did not meet the numerical standards described in subdivision (1) in the preceding calendar year.

Sec. 44.5. "Residential real estate" means any real property that is located in Indiana and on which there is located or intended to be constructed a dwelling.

Sec. 44.7. "Revolving charge account" means an arrangement between a seller and a buyer pursuant to which:

(1) the seller may permit the buyer to purchase goods or services on credit either from the seller or pursuant to a seller credit card;

(2) the unpaid balances of amounts financed arising from purchases and the credit service and other appropriate charges are debited to an account;

(3) a credit service charge if made is not precomputed but is computed on the outstanding unpaid balances of the buyer's account from time to time; and

(4) the buyer has the privilege of paying the balances in installments.

Sec. 45. "Revolving loan account" means an arrangement between a lender and a debtor pursuant to which:

(1) the lender may permit the debtor to obtain loans from time to time;

(2) the unpaid balances of principal and the loan finance and other appropriate charges are debited to an account;

(3) a loan finance charge if made is not precomputed but is

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1 computed on the outstanding unpaid balances of the debtor's
2 account from time to time; and

3 (4) the debtor has the privilege of paying the balances in
4 installments.

5 Sec. 45.1. "Sale of an interest in land" includes a lease in which
6 the lessee has an option to purchase the interest and all or a
7 substantial part of the rental or other payments previously made
8 by the lessee are applied to the purchase price.

9 Sec. 45.3. "Sale of goods" includes any agreement in the form
10 of a bailment or lease of goods if the bailee or lessee agrees to pay
11 as compensation for use a sum substantially equivalent to or in
12 excess of the aggregate value of the goods involved and it is agreed
13 that the bailee or lessee will become, or for no other or a nominal
14 consideration has the option to become, the owner of the goods
15 upon full compliance with the bailee's or the lessee's obligations
16 under the agreement.

17 Sec. 45.5. "Sale of services" means furnishing or agreeing to
18 furnish services and includes making arrangements to have
19 services furnished by another.

20 Sec. 45.7. Except as otherwise provided, "seller" means a
21 person regularly engaged as a creditor in making consumer credit
22 sales. The term includes an assignee of the seller's right to payment
23 but use of the term does not in itself impose on an assignee any
24 obligation of the seller with respect to events occurring before the
25 assignment.

26 Sec. 46. "Seller credit card" means an arrangement that gives
27 to a buyer or lessee the privilege of using a credit card, letter of
28 credit, or other credit confirmation or identification for the
29 purpose of purchasing or leasing goods or services from that
30 person, a person related to that person, or from that person and
31 any other person. The term includes a card that is issued by a
32 person that is in the name of the seller, and that can be used by the
33 buyer or lessee only for purchases or leases at locations of the
34 named seller.

35 Sec. 46.5. "Services" includes:

- 36 (1) work, labor, and other personal services;
37 (2) privileges with respect to transportation, hotel and
38 restaurant accommodations, education, entertainment,
39 recreation, physical culture, hospital accommodations,
40 funerals, cemetery accommodations, and the like; and
41 (3) insurance provided by a person other than the insurer.

42 Sec. 46.7. "Skip-a-payment service" means a service that:

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(1) in the case of a consumer credit sale:

(A) is offered by a creditor to a consumer; and

(B) permits the consumer to miss or skip a payment due under a consumer credit sale without resulting in default; and

(2) in the case of a consumer loan:

(A) is offered by a lender to a consumer; and

(B) permits the consumer to miss or skip a payment due under a consumer loan without resulting in default.

Sec. 47. "Subordinate lien 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) that constitutes a subordinate lien on a dwelling or on residential real estate upon which a dwelling is constructed or intended to be constructed.

Sec. 47.3. "Supervised lender" means a person authorized to make or take assignments of supervised loans.

Sec. 47.5. "Supervised loan" means a consumer loan in which the rate of the loan finance charge exceeds twenty-five percent (25%) per year as determined according to the provisions on loan finance charge for consumer loans in IC 37-2-4-4.

Sec. 48. "Unique identifier" means a number or other identifier assigned by protocols established by the NMLSR.

Chapter 3. Credit Sales

Sec. 1. (a) This chapter applies to consumer credit sales, including home solicitation sales, and consumer leases.

(b) Sections 14 through 27 of this chapter apply to consumer credit sales and consumer leases.

(c) Sections 29 through 33 of this chapter apply to consumer related sales.

(d) Licensing under IC 37-2-4-24 applies to consumer credit sales that are subordinate lien mortgage transactions.

Sec. 2. A sale, refinancing, or consolidation is considered precomputed if the debt is expressed as a sum comprising the amount financed and the amount of the credit service charge computed in advance.

Sec. 3. The cash price stated by the seller to the buyer pursuant to section 13 of this chapter is presumed to be the cash price.



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1 **Sec. 4. (a) Except as provided in subsections (h) and (k), with**
 2 **respect to a consumer credit sale, a seller may contract for and**
 3 **receive a credit service charge not exceeding that permitted by this**
 4 **section.**

5 **(b) The credit service charge, calculated according to the**
 6 **actuarial method, may not exceed the equivalent of the greater of:**

7 **(1) the total of:**

8 **(A) thirty-six percent (36%) per year on that part of the**
 9 **unpaid balances of the amount financed which is two**
 10 **thousand dollars (\$2,000) or less;**

11 **(B) twenty-one percent (21%) per year on that part of**
 12 **the unpaid balances of the amount financed which is**
 13 **more than two thousand dollars (\$2,000) but does not**
 14 **exceed four thousand dollars (\$4,000); and**

15 **(C) fifteen percent (15%) per year on that part of the**
 16 **unpaid balances of the amount financed which is more**
 17 **than four thousand dollars (\$4,000); or**

18 **(2) twenty-five percent (25%) per year on the unpaid**
 19 **balances of the amount financed.**

20 **(c) In the case of a sale agreement entered into before July 1,**
 21 **2020, this section does not limit or restrict the manner of**
 22 **contracting for the credit service charge, whether by way of**
 23 **add-on, discount, or otherwise, so long as the rate of the credit**
 24 **service charge does not exceed that permitted by this section. If the**
 25 **sale is precomputed:**

26 **(1) the credit service charge may be calculated on the**
 27 **assumption that all scheduled payments will be made when**
 28 **due; and**

29 **(2) the effect of prepayment is governed by the provisions on**
 30 **rebate upon prepayment in section 12 of this chapter.**

31 **(d) The following apply to a sale agreement for a consumer**
 32 **credit sale (or for the refinancing or consolidation of a consumer**
 33 **credit sale) that is entered into after June 30, 2020:**

34 **(1) The credit service charge authorized by this section must**
 35 **be:**

36 **(A) contracted for between the seller and the debtor;**
 37 **and**

38 **(B) calculated by applying a rate not exceeding the rate**
 39 **set forth in subsection (b) to unpaid balances of the**
 40 **amount financed.**

41 **(2) A sale agreement for a precomputed consumer credit sale**
 42 **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 delivered or services performed more than thirty (30) days after that date, with the date of commencement of delivery or performance except as follows:

(1) This subdivision applies to a delay attributable to the customer. Where the customer requests delivery after the thirty (30) day period or where delivery occurs after the thirty (30) day period for a reason attributable to the customer (including but not limited to failure to close on a residence or failure to obtain lease approval), the term of the sale agreement shall commence with the date credit is granted.

(2) This subdivision applies to a partial delivery. Where any portion of the order has been delivered within the thirty (30) day period, the term of the sale agreement shall commence with the date credit is granted.

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

(f) With respect to a consumer credit sale made pursuant to a revolving charge account, the parties to the sale may contract for the payment by the buyer of a credit service charge not exceeding that permitted in this section, subject to the following:

(1) The credit service charge contracted for and received may not exceed a charge in each monthly billing cycle which is two and eighty-three thousandths percent (2.083%) of an



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amount not greater than:

(A) the average daily balance of the account;

(B) the unpaid balance of the account on the same day of the billing cycle; or

(C) subject to subsection (g), the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account, on the same day of the billing cycle, is included.

For purposes of clauses (B) and (C), a variation of not more than four (4) days from month to month is "the same day of the billing cycle".

(2) If the billing cycle is not monthly, the maximum charge is that percentage which bears the same relation to the applicable monthly maximum percentage as the number of days in the billing cycle bears to thirty (30).

(3) Notwithstanding subdivision (1), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly. However, a seller may not contract for or receive a charge under this subdivision if the seller has made an annual charge for the same period as permitted by the provisions on additional charges in section 5(a)(5) of this chapter.

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

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

(2) when applied to the lowest amount within each range, it does not produce a rate of credit service charge exceeding the rate calculated according to subdivision (1) by more than eight percent (8%) of the rate calculated according to subdivision (1).

(h) Notwithstanding subsection (b), with respect to a consumer sale other than a sale under a revolving charge account, the seller may contract for and receive a minimum credit service charge of

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not more than thirty dollars (\$30). The minimum credit service charge allowed under this subsection may be imposed only if the seller does not contract for or receive a nonrefundable prepaid finance charge under subsection (k) and:

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

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

(A) is contracted for by the parties; and

(B) does not exceed the rate prescribed in subsection (b); and

(3) the credit service charge earned at the time of prepayment is less than the minimum credit service charge contracted for under this subsection.

(i) The amounts of two thousand dollars (\$2,000) and four thousand dollars (\$4,000) in subsection (b) are subject to change pursuant to the provisions on adjustment of dollar amounts (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 2012.

(j) The amount of thirty dollars (\$30) in subsection (h) is subject to change under the provisions on adjustment of dollar amounts (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 1992.

(k) This subsection applies to a sale agreement entered into after June 30, 2020. Except as provided in subsection (h), and subject to subsection (m), in addition to the credit service charge authorized by subsection (b), and to any other fees permitted by this chapter, a seller may contract for and receive a nonrefundable prepaid finance charge in an amount which is not more than:

(1) seventy-five dollars (\$75) for an amount financed which is two thousand dollars (\$2,000) or less;

(2) one hundred fifty dollars (\$150) for an amount financed which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000); and

(3) two hundred dollars (\$200) for an amount financed which is more than four thousand dollars (\$4,000).

The nonrefundable prepaid finance charge is not subject to refund or rebate. However, any amount charged by the seller, other than by a seller that is a depository institution, under this subsection

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that exceeds the applicable amount permitted by this subsection 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 this subsection that exceeds the applicable amount set forth in this subsection is subject to refund. The amounts in this subsection are not subject to change under IC 37-2-1-5.

(l) If the director determines that a seller's accrual method of accounting as applied to a consumer credit sale under this section involves the application of subterfuge for the purpose of circumventing this chapter, the director may conform the credit service charge and fees for the transaction to the limitations set forth in this section and may require a refund of overcharges 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



1 explanation of the charge to the department indicating how
 2 the charge would be assessed and the value or benefit to the
 3 consumer. Supporting documents may be required by the
 4 department. The department shall determine whether the
 5 charge would be of benefit to the consumer and is reasonable
 6 in relation to the benefits.

7 (4) A charge not to exceed twenty-five dollars (\$25) for each
 8 returned payment by a bank or other depository institution
 9 of a dishonored check, electronic funds transfer, negotiable
 10 order of withdrawal, or share draft issued by the consumer.

11 (5) Annual participation fees assessed in connection with a
 12 revolving charge account. Annual participation fees must:

13 (A) be reasonable in amount;

14 (B) bear a reasonable relationship to the seller's costs to
 15 maintain and monitor the charge account; and

16 (C) not be assessed for the purpose of circumvention or
 17 evasion of this article, as determined by the department.

18 (6) A charge not to exceed twenty-five dollars (\$25) for a
 19 skip-a-payment service, subject to the following:

20 (A) At the time of use of the service, the consumer must
 21 be given written notice of the amount of the charge and
 22 must acknowledge the amount in writing, including by
 23 electronic signature.

24 (B) A charge for a skip-a-payment service may not be
 25 assessed with respect to a consumer credit sale subject
 26 to the provisions on rebate upon prepayment that are set
 27 forth in section 12 of this chapter.

28 (C) A charge for a skip-a-payment service may not be
 29 assessed with respect to any payment for which a
 30 delinquency charge has been assessed under section 6 of
 31 this chapter.

32 (7) A charge not to exceed ten dollars (\$10) for an optional
 33 expedited payment service, subject to the following:

34 (A) The charge may be assessed only upon request by
 35 the consumer to use the expedited payment service.

36 (B) The amount of the charge must be disclosed to the
 37 consumer at the time of the consumer's request to use
 38 the expedited payment service.

39 (C) The consumer must be informed that the consumer
 40 retains the option to make a payment by traditional
 41 means.

42 (D) The charge may not be established in advance,



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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.

(8) A charge for a GAP agreement, subject to subsection (d).

(b) An additional charge may be made for insurance written in connection with the sale, other than insurance protecting the seller against the consumer's default or other credit loss:

(1) with respect to insurance against loss of or damage to property, or against liability, if the seller furnishes a clear and specific statement in writing to the consumer, setting forth the cost of the insurance if obtained from or through the seller and stating that the consumer may choose the person, subject 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

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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

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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 agreement and obtain a refund of the unearned GAP charge before prepayment in full. Refunds of unearned GAP charges 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 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 credit sale:

(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 creditor 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.



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1 **Sec. 6. (a) With respect to a consumer credit sale, refinancing,**
 2 **or consolidation, the parties may contract for a delinquency charge**
 3 **of not more than the following:**

4 **(1) Five dollars (\$5) on any installment or minimum payment**
 5 **due that is not paid in full not later than ten (10) days after**
 6 **its scheduled due date, in the case of a consumer credit sale,**
 7 **refinancing, or consolidation that is made before July 1,**
 8 **2019. The amount of five dollars (\$5) in this subdivision is**
 9 **subject to change under IC 37-2-1-5. In addition, the parties**
 10 **may provide by contract for a delinquency charge that is**
 11 **subject to change. If the parties provide by contract for a**
 12 **delinquency charge that is subject to change, the seller shall**
 13 **disclose in the contract that the amount of the delinquency**
 14 **charge is subject to change under IC 37-2-1-5 or this section.**

15 **(2) In the case of a consumer credit sale, refinancing, or**
 16 **consolidation that is made after June 30, 2019, the following:**

17 **(A) Five dollars (\$5) on any installment or minimum**
 18 **payment due that is not paid in full not later than ten**
 19 **(10) days after its scheduled due date, if installments**
 20 **under the consumer credit sale, refinancing, or**
 21 **consolidation are due every fourteen (14) days or less.**
 22 **The amount of five dollars (\$5) in this clause is not**
 23 **subject to change under IC 37-2-1-5.**

24 **(B) Twenty-five dollars (\$25) on any installment or**
 25 **minimum payment due that is not paid in full not later**
 26 **than ten (10) days after its scheduled due date, if**
 27 **installments under the consumer credit sale,**
 28 **refinancing, or consolidation are due every fifteen (15)**
 29 **days or more. The amount of twenty-five dollars (\$25)**
 30 **in this clause is not subject to change under IC 37-2-1-5.**

31 **(C) Twenty-five dollars (\$25) on any installment or**
 32 **minimum payment due that is not paid in full not later**
 33 **than ten (10) days after its scheduled due date, in the**
 34 **case of a consumer credit sale, refinancing, or**
 35 **consolidation that is payable in a single installment that**
 36 **is due at least thirty (30) days after the consumer credit**
 37 **sale, refinancing, or consolidation is made. The amount**
 38 **of twenty-five dollars (\$25) in this clause is not subject**
 39 **to change under IC 37-2-1-5.**

40 **(b) A delinquency charge under this section may be collected**
 41 **only once on an installment however long it remains in default. A**
 42 **delinquency charge on consumer credit sales made under a**



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1 revolving charge account may be applied each month that the
 2 payment is less than the minimum required payment. A
 3 delinquency charge may be collected any time after it accrues. No
 4 delinquency charge may be collected if:

5 (1) the installment has been deferred and a deferral charge
 6 under section 7 of this chapter has been paid or incurred;

7 (2) a charge for a skip-a-payment service has been paid or
 8 incurred, as provided in section 5 of this chapter; or

9 (3) a charge for an optional expedited payment service has
 10 been paid or incurred, as provided in section 5 of this
 11 chapter.

12 (c) A creditor may not, directly or indirectly, charge or collect
 13 a delinquency charge on a payment that:

14 (1) is paid not later than ten (10) days after its scheduled due
 15 date; and

16 (2) is otherwise a full payment of the payment due for the
 17 applicable installment period;

18 if the only delinquency with respect to the consumer credit sale,
 19 refinancing, or consolidation is attributable to a delinquency
 20 charge assessed on an earlier installment.

21 (d) If two (2) or more installments, or parts of two (2) or more
 22 installments, of a precomputed consumer credit sale are in default
 23 for ten (10) days or more, the creditor may elect to convert the
 24 consumer credit sale from a precomputed consumer credit sale to
 25 a consumer credit sale in which the credit service charge is based
 26 on unpaid balances. A creditor that makes this election shall make
 27 a rebate under the provisions on rebates upon prepayment under
 28 section 12 of this chapter as of the maturity date of the first
 29 delinquent installment, and thereafter may make a credit service
 30 charge as authorized by the provisions on credit service charges for
 31 consumer credit sales under section 4 of this chapter. The amount
 32 of the rebate shall not be reduced by the amount of any permitted
 33 minimum charge under section 12 of this chapter. Any deferral
 34 charges made on installments due at or after the maturity date of
 35 the first delinquent installment shall be rebated, and no further
 36 deferral charges shall be made.

37 Sec. 7. (a) This section applies only to a consumer credit sale,
 38 refinancing, or consolidation, that is entered into before July 1,
 39 2020. With respect to a precomputed consumer credit sale,
 40 refinancing, or consolidation, the parties before or after default
 41 may agree in writing to a deferral of all or part of one (1) or more
 42 unpaid installments, and the seller may make and collect a charge



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not exceeding the lesser of thirty-six percent (36%) per year or the rate previously stated to the buyer pursuant to section 13 of this chapter applied to the amount or amounts deferred for the period of deferral calculated without regard to differences in lengths of months, but proportionately for a part of a month, counting each day as one-thirtieth (1/30) of a month. A deferral charge may be collected at the time it is assessed or at any time thereafter.

(b) The seller, in addition to the deferral charge, may make appropriate additional charges under section 5 of this chapter, and the amount of these charges which is not paid in cash may be added to the amount deferred for the purpose of calculating the deferral charge.

(c) The parties may agree in writing at the time of a precomputed consumer credit sale, refinancing, or consolidation that if an installment is not paid within ten (10) days after its due date, the seller may unilaterally grant a deferral and make charges as provided in this section. No deferral charge may be made for a period after the date that the seller elects to accelerate the maturity of the agreement.

(d) A delinquency charge made by the seller on an installment may not be retained if a deferral charge is made pursuant to this section with respect to the period of delinquency.

Sec. 8. With respect to a consumer credit sale, refinancing, or consolidation, the seller may by agreement with the buyer refinance the unpaid balance and may contract for and receive a credit service charge based on the amount financed resulting from the refinancing at a rate not exceeding that permitted by the provisions on credit service charge for consumer credit sales under section 4 of this chapter. For the purpose of determining the credit service charge permitted, the amount financed resulting from the refinancing comprises the following:

(1) If:

(A) the transaction was not precomputed, the total of the unpaid balance and accrued charges on the date of refinancing; or

(B) the transaction was precomputed, in the case of a transaction entered into before July 1, 2020, the amount which the buyer would have been required to pay upon prepayment pursuant to the provisions on rebate upon prepayment (section 12 of this chapter) on the date of refinancing.

(2) Appropriate additional charges under section 5 of this



chapter, payment of which is deferred.

Sec. 9. If a buyer owes an unpaid balance to a seller with respect to a consumer credit sale, refinancing, or consolidation, and becomes obligated on another consumer credit sale, refinancing, or consolidation with the same seller, the parties may agree to a consolidation resulting in a single schedule of payments pursuant to either of the following:

(1) The parties may agree to refinance the unpaid balance with respect to the previous sale pursuant to the provisions on refinancing (section 8 of this chapter) and to consolidate the amount financed resulting from the refinancing by adding it to the amount financed with respect to the subsequent sale. The seller may contract for and receive a credit service charge based on the aggregate amount financed resulting from the consolidation at a rate not exceeding that permitted by the provisions on credit service charge for consumer credit sales (section 4 of this chapter).

(2) The parties may agree to consolidate by adding together the unpaid balances with respect to the two sales.

Sec. 10. (a) If the agreement with respect to a consumer credit sale, refinancing, or consolidation contains covenants by the buyer to perform certain duties pertaining to insuring or preserving collateral and the seller pursuant to the agreement pays for performance of the duties on behalf of the buyer, the seller may add the amounts paid to the debt. Within a reasonable time after advancing any sums, the seller shall state to the buyer in writing the amount of the sums advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the buyer performed by the seller pertain to insurance, a brief description of the insurance paid for by the seller including the type and amount of coverages. No further information need be given.

(b) A credit service charge may be made for sums advanced pursuant to subsection (a) at a rate not exceeding the rate stated to the buyer pursuant to section 13 of this chapter with respect to the sale, refinancing or consolidation, except that with respect to a revolving charge account the amount of the advance may be added to the unpaid balance of the account and the seller may make a credit service charge not exceeding that permitted by the provisions on credit service charge for revolving charge accounts set forth in section 4(f) of this chapter.

Sec. 11. (a) Subject to the provisions on rebate upon



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prepayment set forth in section 12 of this chapter, the buyer may prepay in full the unpaid balance of a consumer credit sale, refinancing, or consolidation at any time without penalty.

(b) At the time of prepayment of a credit sale not subject to the provisions of rebate upon prepayment set forth in section 12 of this chapter, the total credit service charge:

- (1) including the prepaid credit service charge; but
- (2) subject to section 4(m) of this chapter, excluding the nonrefundable prepaid finance charge allowed under section 4(k) of this chapter, in the case of a sale agreement entered into after June 30, 2020;

may not exceed the maximum charge allowed under this chapter for the period the credit sale was in effect.

(c) The creditor or mortgage servicer shall provide, in writing, an accurate payoff amount for the consumer credit sale to the debtor within seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the creditor or mortgage servicer receives the debtor's written request for the accurate 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



1 receives the debtor's second written request, and the creditor
 2 or mortgage servicer failed to comply with subdivision (1).
 3 A liability under this subsection is an excess charge under
 4 IC 37-2-6-9.

5 (d) As used in this subsection, "mortgage transaction" means
 6 a consumer credit sale in which a mortgage or a land contract (or
 7 another consensual security interest equivalent to a mortgage or a
 8 land contract) that constitutes a lien is created or retained against
 9 land upon which there is constructed or intended to be constructed
 10 a dwelling that is or will be used by the debtor primarily for
 11 personal, family, or household purposes. This subsection applies to
 12 a mortgage transaction with respect to which any installment or
 13 minimum payment due is delinquent for at least sixty (60) days.
 14 The creditor, servicer, or the creditor's agent shall acknowledge a
 15 written offer made in connection with a proposed short sale not
 16 later than five (5) business days (excluding legal public holidays,
 17 Saturdays, and Sundays) after the date of the offer if the offer
 18 complies with the requirements for a qualified written request set
 19 forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or
 20 creditor's agent is required to acknowledge a written offer made
 21 in connection with a proposed short sale from a third party acting
 22 on behalf of the debtor only if the debtor has provided written
 23 authorization for the creditor, servicer, or creditor's agent to do so.
 24 Not later than thirty (30) business days (excluding legal public
 25 holidays, Saturdays, and Sundays) after receipt of an offer under
 26 this subsection, the creditor, servicer, or creditor's agent shall
 27 respond to the offer with an acceptance or a rejection of the offer.
 28 The thirty (30) day period described in this subsection may be
 29 extended for not more than fifteen (15) business days (excluding
 30 legal public holidays, Saturdays, and Sundays) if, before the end of
 31 the thirty (30) day period, the creditor, the servicer, or the
 32 creditor's agent notifies the debtor of the extension and the reason
 33 the extension is needed. Payment accepted by a creditor, servicer,
 34 or creditor's agent in connection with a short sale constitutes
 35 payment in full satisfaction of the mortgage transaction unless the
 36 creditor, servicer, or creditor's agent obtains either:

- 37 (1) a statement that: "The debtor remains liable for any
- 38 amount still owed under the mortgage transaction."; or
- 39 (2) a statement substantially similar to the statement set
- 40 forth in subdivision (1);

41 acknowledged by the initials or signature of the debtor, on or
 42 before the date on which the short sale payment is accepted. As



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1 used in this subsection, "short sale" means a transaction in which
 2 the property that is the subject of a mortgage transaction is sold
 3 for an amount that is less than the amount of the debtor's
 4 outstanding obligation under the mortgage transaction. A creditor
 5 or mortgage servicer that fails to respond to an offer within the
 6 time prescribed by this subsection is liable in accordance with 12
 7 U.S.C. 2605(f) in any action brought under that section.

8 (e) This section is not intended to provide the owner of real
 9 estate subject to the issuance of process under a judgment or
 10 decree of foreclosure any protection or defense against a deficiency
 11 judgment for purposes of the borrower protections from liability
 12 that must be disclosed under 12 CFR 1026.38(p)(3) on the form
 13 required by 12 CFR 1026.38 ("Closing Disclosures" form under
 14 the Amendments to the 2013 Integrated Mortgage Disclosures Rule
 15 Under the Real Estate Settlement Procedures Act (Regulation X)
 16 and the Truth In Lending Act (Regulation Z) and the 2013 Loan
 17 Originator Rule Under the Truth in Lending Act (Regulation Z)).

18 Sec. 12. (a) Except for subsections (b) and (i), this section
 19 applies only to a sale agreement entered into before July 1, 2020.
 20 Except as provided in subsection (b), upon prepayment in full of
 21 the unpaid balance of a precomputed consumer credit sale,
 22 refinancing, or consolidation, an amount not less than the
 23 unearned portion of the credit service charge calculated according
 24 to this section shall be rebated to the buyer. If the rebate required
 25 is less than one dollar (\$1), no rebate need be made.

26 (b) Upon prepayment in full of a consumer credit sale,
 27 refinancing, or consolidation, other than one pursuant to a
 28 revolving charge account, if the credit service charge then earned
 29 is less than any permitted minimum credit service charge under
 30 section 4(h) of this chapter contracted for, whether or not the sale,
 31 refinancing, or consolidation is precomputed, the seller may collect
 32 or retain the minimum charge, as if earned, not exceeding the
 33 credit service charge contracted for.

34 (c) The unearned portion of the credit service charge is a
 35 fraction of the credit service charge of which the numerator is the
 36 sum of the periodic balances scheduled to follow the computational
 37 period in which prepayment occurs, and the denominator is the
 38 sum of all periodic balances under either the sale agreement or, if
 39 the balance owing resulted from a refinancing (section 8 of this
 40 chapter) or a consolidation (section 9 of this chapter), under the
 41 refinancing agreement or consolidation agreement.

42 (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.

(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 credit service 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 seller, 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 credit service 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



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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 seller, at the seller's option, may exclude the extra days and the charge for the extra days in computing the unearned credit service charge; but if the seller does so and a rebate is required before the due date of the first scheduled installment, the seller shall compute the earned charge for each elapsed day as one-thirtieth ($1/30$) of the amount the earned charge would have been if the first interval had been one (1) month.

(3) If the computational period is one (1) week and:

(A) if the number of days in the interval to the due date of this first scheduled installment is less than five (5) days or more than nine (9) days but not more than eleven (11) days, the unearned credit service charge shall be increased by an adjustment for each day by which the interval is less than seven (7) days and, at the option of the seller, may be reduced by an adjustment for each day by which the interval is more than seven (7) days; the adjustment for each day shall be one-seventh ($1/7$) of that part of the credit service charge earned in the computational period prior to the due date of the first scheduled installment assuming that period to be one (1) week; 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 week, the additional number of days shall be considered a computational period only if five (5) days or more. This clause applies whether or not clause (A) applies.

(f) If a deferral under section 7 of this chapter has been agreed to, the unearned portion of the credit service charge shall be computed without regard to the deferral. The amount of deferral charge earned at the date of prepayment shall also be calculated. If the deferral charge earned is less than the deferral charge paid, the difference shall be added to the unearned portion of the credit service charge. If any part of a deferral charge has been earned but has not been paid, that part shall be subtracted from the unearned portion of the credit service charge or shall be added to the unpaid

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1 balance.

2 (g) This section does not preclude the collection or retention by
3 the seller of delinquency charges under section 6 of this chapter.

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

7 (i) Upon prepayment in full of a consumer credit sale by the
8 proceeds of consumer credit insurance, the buyer or the buyer's
9 estate shall pay the same credit service charge or receive the same
10 rebate as though the buyer had prepaid the agreement on the date
11 the proceeds of the insurance are paid to the seller, but no later
12 than ten (10) business days after satisfactory proof of loss is
13 furnished to the seller. This subsection applies whether or not the
14 credit sale is precomputed.

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

22 Sec. 13. (a) For purposes of this section, "consumer credit
23 sale" includes a sale that is a sale of an interest in land and that is
24 a first lien mortgage transaction if the sale is otherwise a consumer
25 credit sale.

26 (b) The seller shall disclose to the buyer to whom credit is
27 extended with respect to a consumer credit sale, and the lessor
28 shall disclose to the lessee with respect to a consumer lease, the
29 information required by the Consumer Credit Protection Act (15
30 U.S.C. 1601 et seq.).

31 (c) For purposes of subsection (b), disclosures shall not be
32 required on a consumer credit sale if the transaction is exempt
33 from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

34 Sec. 14. A seller may not use multiple agreements with intent
35 to obtain a higher credit service charge than would otherwise be
36 permitted by this article or to avoid disclosure of an annual
37 percentage rate pursuant to section 13 of this chapter. The excess
38 amount of credit service charge provided for in agreements in
39 violation of this section is an excess charge for the purposes of the
40 provisions on the effect of violations on rights of parties
41 (IC 37-2-6-9) and the provisions on civil actions by the department
42 (IC 37-2-7-14).



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1 **Sec. 15. (a) For the purposes of this section, "terms of the**
 2 **refinancing" means:**

3 **(1) in the case of a fixed-rate consumer credit sale, the**
 4 **individual payment amounts, the charges as a result of**
 5 **default by the buyer, and the rate of the credit service**
 6 **charge; and**

7 **(2) in the case of a variable rate consumer credit sale, the**
 8 **method used to determine the individual payment amounts,**
 9 **the charges as a result of default by the buyer, the method**
 10 **used to determine the rate of the credit service charge, the**
 11 **circumstances under which the rate of the credit service**
 12 **charge may increase, and any limitations on the increase in**
 13 **the rate of the credit service charge.**

14 **(b) With respect to a consumer credit sale, other than one**
 15 **pursuant to a revolving charge account or one on which only credit**
 16 **service charges are payable before the time that the final scheduled**
 17 **payment is due, if any scheduled payment is more than twice as**
 18 **large as the average of earlier scheduled payments, the buyer has**
 19 **the right to refinance the amount of that payment at the time it is**
 20 **due without penalty. The terms of the refinancing shall be no less**
 21 **favorable to the buyer than the terms of the original sale. This**
 22 **section does not apply to the extent that the payment schedule is**
 23 **adjusted to the seasonal or irregular income of the buyer.**

24 **Sec. 16. The obligation of a lessee upon expiration of a**
 25 **consumer lease may not exceed three (3) times the average**
 26 **payment allocable to a monthly period under the lease. This**
 27 **limitation does not apply to charges for damages to the leased**
 28 **property or for other default.**

29 **Sec. 17. (a) With respect to a consumer credit sale, a seller may**
 30 **take a security interest in the property sold. In addition, a seller**
 31 **may take a security interest in goods upon which services are**
 32 **performed or in which goods sold are installed or to which they are**
 33 **annexed, or in land to which the goods are affixed or which is**
 34 **maintained, repaired, or improved as a result of the sale of the**
 35 **goods or services, if, in the case of a subordinate lien mortgage**
 36 **transaction, the debt secured is four thousand dollars (\$4,000) or**
 37 **more, or, in the case of a security interest in goods the debt secured**
 38 **is three hundred dollars (\$300) or more. Except as provided with**
 39 **respect to cross-collateral in section 19 of this chapter, a seller may**
 40 **not otherwise take a security interest in property of the buyer to**
 41 **secure the debt arising from a consumer credit sale.**

42 **(b) With respect to a consumer lease, a lessor may not take a**



1 security interest in property of the lessee to secure the debt arising
2 from the lease.

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

4 (d) The amounts of four thousand dollars (\$4,000) and three
5 hundred dollars (\$300) in subsection (a) are subject to change
6 pursuant to the provisions on adjustment of dollar amounts in
7 IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the
8 Reference Base Index to be used with respect to the amount of:

9 (1) three hundred dollars (\$300) is the Index for October
10 1992; and

11 (2) four thousand dollars (\$4,000) is the Index for October
12 2012.

13 Sec. 18. The leasing of live domestic animals (as defined in
14 IC 34-30-30-1) under this chapter is prohibited.

15 Sec. 19. (a) As used in this section, "seller" does not include an
16 assignee not related to the original seller.

17 (b) In addition to contracting for a security interest pursuant
18 to the provisions on security in sales or leases in section 17 of this
19 chapter, a seller in a consumer credit sale may secure the debt
20 arising from the sale by contracting for a security interest in other
21 property if as a result of a prior sale the seller has an existing
22 security interest in the other property. The seller may also contract
23 for a security interest in the property sold in the subsequent sale as
24 security for the previous debt.

25 (c) If the seller contracts for a security interest in other
26 property pursuant to this section, the rate of credit service charge
27 thereafter on the aggregate unpaid balances so secured may not
28 exceed that permitted if the balances so secured were consolidated
29 pursuant to the provisions on consolidation involving a refinancing
30 in section 9(a) of this chapter. The seller has a reasonable time
31 after so contracting to make any adjustments required by this
32 section.

33 Sec. 20. (a) If debts arising from two (2) or more consumer
34 credit sales, other than sales pursuant to a revolving charge
35 account, are secured by cross-collateral under section 19 of this
36 chapter or consolidated into one (1) debt payable on a single
37 schedule of payments, and the debt is secured by security interests
38 taken with respect to one (1) or more of the sales, payments
39 received by the seller after the taking of the cross-collateral or the
40 consolidation are deemed, for the purpose of determining the
41 amount of the debt secured by the various security interests, to
42 have been first applied to the payment of the debts arising from the

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1 sales first made. To the extent debts are paid according to this
 2 section, security interests in items of property terminate as the debt
 3 originally incurred with respect to each item is paid.

4 (b) Payments received by the seller upon a revolving charge
 5 account are deemed, for the purpose of determining the amount of
 6 the debt secured by the various security interests, to have been
 7 applied first to the payment of credit service charges in the order
 8 of their entry to the account and then to the payment of debts in
 9 the order in which the entries to the account showing the debts
 10 were made.

11 (c) If the debts consolidated arose from two (2) or more sales
 12 made on the same day, payments received by the seller are deemed,
 13 for the purpose of determining the amount of the debts secured by
 14 the various security interests, to have been applied first to the
 15 payment of the smallest debt.

16 Sec. 21. A seller or lessor may not take an assignment of
 17 earnings of the buyer or lessee for payment or as security for
 18 payment of a claim, whether arising out of a consumer credit sale,
 19 consumer lease, or otherwise. An assignment of earnings in
 20 violation of this section is unenforceable by the assignees of the
 21 earnings and revocable by the buyer or lessee. This section does not
 22 prohibit an employee from authorizing deductions from the
 23 employee's earnings if the authorization is revocable and is
 24 otherwise permitted by law.

25 Sec. 22. With respect to a consumer credit sale or consumer
 26 lease the seller or lessor may not give or offer to give a rebate or
 27 discount or otherwise pay or offer to pay value to the buyer or
 28 lessee as an inducement for a sale or lease in consideration of the
 29 buyer or lessee giving to the seller or lessor the names of
 30 prospective purchasers or lessees, or otherwise aiding the seller or
 31 lessor in making a sale or lease to another person, if the earning of
 32 the rebate, discount or other value is contingent upon the
 33 occurrence of an event subsequent to the time the buyer or lessee
 34 agrees to buy or lease. If a buyer or lessee is induced by a violation
 35 of this section to enter into a consumer credit sale or consumer
 36 lease, the agreement is unenforceable by the seller or lessor and the
 37 buyer or lessee, at the buyer's or lessee's option, may rescind the
 38 agreement or retain the goods delivered and the benefit of any
 39 services performed, without any obligation to pay for them.

40 Sec. 23. The buyer or lessee is authorized to pay the original
 41 seller or lessor until the buyer or lessee receives notification of
 42 assignment of the rights to payment pursuant to a consumer credit



1 sale or consumer lease and that payment is to be made to the
 2 assignee. A notification which does not reasonably identify the
 3 rights assigned is ineffective. If requested by the buyer or lessee,
 4 the assignee must seasonably furnish reasonable proof that the
 5 assignment has been made and unless the assignee does so the
 6 buyer or lessee may pay the seller or lessor.

7 Sec. 24. With respect to a consumer credit sale or consumer
 8 lease the agreement may provide for the payment by the buyer or
 9 lessee of reasonable attorney's fees and after default and referral
 10 to an attorney not a salaried employee of the seller, or of the lessor
 11 or the lessor's assignee. A provision in violation of this section is
 12 unenforceable.

13 Sec. 25. Except for reasonable expenses incurred in realizing
 14 on a security interest, the agreement with respect to a consumer
 15 credit sale may not provide for any charges as a result of default by
 16 the buyer other than those authorized by this article. A provision
 17 in violation of this section is unenforceable.

18 Sec. 26. A buyer or lessee may not authorize any person to
 19 confess judgment on a claim arising out of a consumer credit sale
 20 or consumer lease. An authorization in violation of this section is
 21 void.

22 Sec. 27. (a) This section applies to consumer credit sales,
 23 including revolving charge accounts.

24 (b) Except as provided in subsection (c), a creditor shall credit
 25 a payment to a consumer's account as of the date of receipt, except
 26 when a delay in crediting does not result in a finance charge or
 27 other charge, including a delinquency charge under section 6 of
 28 this chapter. A delay in posting does not violate this section so long
 29 as the payment is credited as of the date of receipt.

30 (c) If a creditor specifies in writing requirements for the
 31 consumer to follow in making payments, but accepts a payment
 32 that does not conform to the requirements, the creditor shall credit
 33 the payment within five (5) days of receipt of the payment.

34 (d) If a creditor fails to credit a payment as required by this
 35 section in time to avoid the imposition of a finance or other charge,
 36 including a delinquency charge, the creditor shall adjust the
 37 consumer's account so that the charges imposed are credited to the
 38 consumer's account during the next payment period.

39 Sec. 28. The requirements of 16 CFR 429 must be met in
 40 regard to the following provisions concerning a home solicitation
 41 sale:

42 (1) Period within which cancellation may be made by the



1 buyer.

2 (2) Notice of cancellation.

3 (3) Form of cancellation.

4 (4) Form of agreement or offer to purchase.

5 (5) Statement of buyer's rights.

6 (6) Restoration of down payment.

7 (7) Retention of cancellation fee.

8 (8) Duty of buyer.

9 (9) Any other relevant requirements in 16 CFR 429.

10 Sec. 29. The parties to a sale other than a consumer credit sale
11 may agree in a writing signed by the parties that the sale is subject
12 to the provisions of this article applying to consumer credit sales.
13 If the parties so agree, the sale is a consumer credit sale for the
14 purposes of this article.

15 Sec. 30. (a) With respect to a consumer related sale not made
16 pursuant to a revolving charge account, the parties may contract
17 for an amount comprising the amount financed and a credit service
18 charge not in excess of twenty-five percent (25%) per year
19 calculated according to the actuarial method on the unpaid
20 balances of the amount financed.

21 (b) With respect to a consumer related sale made pursuant to
22 a revolving charge account, the parties may contract for a credit
23 service charge not in excess of that permitted by the provisions on
24 credit service charge for revolving charge accounts set forth in
25 section 4(f) of this chapter.

26 (c) A person engaged in consumer related sales is not required
27 to comply with IC 37-2-7-24 through IC 37-2-7-26.

28 Sec. 31. Except for the rate of the credit service charge set
29 forth in section 4 of this chapter and the rights to prepay and to
30 rebate upon prepayment, sections 4 through 12 of this chapter
31 apply to a consumer related sale.

32 Sec. 32. (a) An agreement with respect to a consumer related
33 sale may provide for only the following charges as a result of the
34 buyer's default:

35 (1) Reasonable attorney's fees and reasonable expenses
36 incurred in realizing on a security interest.

37 (2) Deferral charges not in excess of twenty-five percent
38 (25%) per year of the amount deferred for the period of
39 deferral.

40 (3) Other charges that could have been made had the sale
41 been a consumer credit sale.

42 (b) A provision in violation of this section is unenforceable.



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1 **Sec. 33.** With respect to a sale other than a consumer credit
 2 sale or a consumer related sale, the parties may contract for the
 3 payment by the buyer of any credit service charge.

4 **Chapter 4. Loans**

5 **Sec. 0.1.** The following amendments to IC 24-4.5-3 (before its
 6 repeal) applied as follows:

7 (1) The amendments made to IC 24-4.5-3-201 (before its
 8 repeal) by P.L.163-1999 did not apply to consumer loans in
 9 existence before July 1, 1999.

10 (2) The amendments made to IC 24-4.5-3-209(1) (before its
 11 repeal) by P.L.159-2001 applied to a contract between a
 12 lender and a debtor that is entered into or renewed after
 13 June 30, 2001.

14 **Sec. 1.** (a) This chapter applies to consumer loans, including
 15 supervised loans.

16 (b) Sections 15 through 21 of this chapter apply to consumer
 17 loans. Except as otherwise provided, all provisions of this article
 18 applying to consumer loans apply to supervised loans.

19 (c) Sections 41 through 44 of this chapter apply to consumer
 20 related loans.

21 (d) Except for the rate of the loan finance charge and the
 22 rights to prepay and to rebate upon prepayment, sections 4
 23 through 13 of this chapter apply to a consumer related loan.

24 (e) The licensing provisions of this chapter apply to consumer
 25 credit sales under IC 37-2-3 that are subordinate lien mortgage
 26 transactions.

27 **Sec. 2.** Unless a loan is made subject to this chapter by
 28 agreement under section 41 of this chapter, and except with respect
 29 to:

30 (1) disclosure (section 14 of this chapter);

31 (2) debtors' remedies (IC 37-2-6-8);

32 (3) providing payoff amounts (section 12 of this chapter);

33 (4) providing property tax information (section 46 of this
 34 chapter);

35 (5) powers and functions of the department (IC 37-2-7-3);

36 (6) the department's examination and investigatory authority
 37 (IC 37-2-7-5); and

38 (7) the department's administrative enforcement authority
 39 (IC 37-2-7-9);

40 the term "consumer loan" does not include a first lien mortgage
 41 transaction.

42 **Sec. 3.** A loan, refinancing, or consolidation is considered



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precomputed if the debt is expressed as a sum comprising the principal and the amount of the loan finance charge computed in advance.

Sec. 4. (a) This section does not apply to a supervised loan. Except as provided in subsections (f) and (i), with respect to a consumer loan, a lender may contract for a loan finance charge, calculated according to the actuarial method, not exceeding twenty-five percent (25%) per year on the unpaid balances of the principal.

(b) In the case of a loan agreement entered into before July 1, 2020, this section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed:

(1) the loan finance 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 13 of this chapter.

(c) The following apply to a loan agreement for a consumer loan (or for the refinancing or consolidation of a consumer loan) that is entered into after June 30, 2020:

(1) The consumer loan is subject to this section, including the limitations set forth in:

(A) subsection (a) with respect to the loan finance charge; and

(B) subsection (i)(2) with respect to the amount of the authorized nonrefundable prepaid finance charge, in the case of a consumer loan that is not secured by an interest in land.

(2) The loan finance charge authorized by this section must be:

(A) contracted for between the lender and the debtor; and

(B) calculated by applying a rate not exceeding the rate set forth in subsection (a) to unpaid balances of the principal.

(3) A loan agreement for a precomputed consumer loan is prohibited.

(4) Subject to subsection (l), in addition to the loan finance charge authorized by subsection (a) and to any other fees



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permitted by this chapter, and not subject to the twenty-five percent (25%) rate set forth in subsection (a), the lender may contract for and receive as a condition for, or an incident to, the extension of credit a nonrefundable prepaid finance charge under subsection (i), 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 loan.

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

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

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

(A) the average daily balance of the debt;

(B) the unpaid balance of the debt on the same day of the billing cycle; or

(C) subject to subsection (f), the median amount within a specified range within which the average daily balance or the unpaid balance of the debt, on the same day of the billing cycle, is included; for the purposes of this clause and clause (B), a variation of not more than four (4) days from month to month is "the same day of the billing cycle";

(2) if the billing cycle is not monthly, the loan finance charge shall be deemed not to exceed the maximum annual percentage rate if the loan finance charge contracted for and received does not exceed a percentage which bears the same relation to one-twelfth ($1/12$) the maximum annual

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percentage rate as the number of days in the billing cycle bears to thirty (30); and

(3) notwithstanding subsection (a), if there is an unpaid balance on the date as of which the loan finance charge is applied, the lender may contract for and receive a charge not exceeding fifty cents (\$0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents (\$0.50) which bears the same relation to fifty cents (\$0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly, but no charge may be made pursuant to this subdivision if the lender has made an annual charge for the same period as permitted by the provisions on additional charges in section 5(a)(3) of this chapter.

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

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

(2) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to subdivision (1) by more than eight percent (8%) of the rate calculated according to subdivision (1).

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

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

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

(A) is contracted for by the parties; and

(B) does not exceed the rate prescribed in subsection (a); and

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



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(h) The amount of thirty dollars (\$30) in subsection (g) 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 1992.

(i) Except as provided in subsection (g), and subject to subsection (l), in addition to the loan finance charge authorized by subsection (a) and to any other charges and fees permitted by this chapter, a lender may contract for and receive a nonrefundable prepaid finance charge of not more than the following:

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

(A) is not made under a revolving loan account, three percent (3%) of the loan amount; or

(B) is made under a revolving loan account, three percent (3%) of the line of credit.

(2) In the case of consumer loan that is not secured by an interest in land, fifty dollars (\$50) if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:

(A) Seventy-five dollars (\$75), in the case of a loan agreement for a principal amount which is two thousand dollars (\$2,000) or less.

(B) One hundred fifty dollars (\$150) in the case of a loan agreement for a principal amount which is more than two thousand dollars (\$2,000) but does not exceed four thousand dollars (\$4,000).

(C) 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.

(j) The nonrefundable prepaid finance charge provided for in subsection (i) is not subject to refund or rebate. However, for any 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 (i) that exceeds the applicable amount permitted by subsection (i)(2) 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 (i) that exceeds the applicable amount set forth in subsection (i)(2) is subject to refund.



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(k) If the director determines that a lender's accrual method of accounting as applied to a consumer loan under this section involves the application of subterfuge for the purpose of circumventing this chapter, the director may conform the loan finance charge and fees for the transaction to the limitations set forth in this section and may require a refund of overcharges 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.

(l) At the time of consummation of a consumer loan:

- (1) the loan finance charge authorized by subsection (a); and
- (2) the nonrefundable prepaid finance charge authorized by subsection (i) (including any amount charged by a depository institution that exceeds the applicable amount set forth in subsection (i)(2));

are subject to IC 35-45-7 and, when combined, may not exceed the rate set forth in IC 35-45-7-2.

(m) Notwithstanding subsections (i) and (j), in the case of a consumer loan that is not secured by an interest in land, if a lender retains any part of a nonrefundable prepaid finance charge charged on a loan that is paid in full by a new loan from the same lender, the following apply:

- (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 (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,



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1 and similar documents under section 5(a)(4)(B) of this chapter, in
 2 addition to the nonrefundable prepaid finance charge provided for
 3 in subsection (i).

4 **Sec. 5. (a) In addition to the loan finance charge permitted by**
 5 **this chapter, a lender may contract for and receive the following**
 6 **additional charges in connection with a consumer loan:**

7 (1) Official fees and taxes.

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

9 (3) Annual participation fees assessed in connection with a
 10 revolving loan account. Annual participation fees must:

11 (A) be reasonable in amount;

12 (B) bear a reasonable relationship to the lender's costs
 13 to maintain and monitor the loan account; and

14 (C) not be assessed for the purpose of circumvention or
 15 evasion of this article, as determined by the department.

16 (4) With respect to a debt secured by an interest in land, the
 17 following closing costs, if they are bona fide, reasonable in
 18 amount, and not for the purpose of circumvention or evasion
 19 of this article:

20 (A) Fees for title examination, abstract of title, title
 21 insurance, property surveys, or similar purposes.

22 (B) Fees for preparing deeds, mortgages, and
 23 reconveyance, settlement, and similar documents.

24 (C) Notary and credit report fees.

25 (D) Amounts required to be paid into escrow or trustee
 26 accounts if the amounts would not otherwise be included
 27 in the loan finance charge.

28 (E) Appraisal fees.

29 (5) Notwithstanding provisions of the Consumer Credit
 30 Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure,
 31 charges for other benefits, including insurance, conferred on
 32 the debtor, if the benefits are of value to the debtor and if the
 33 charges are reasonable in relation to the benefits, and are
 34 excluded as permissible additional charges from the loan
 35 finance charge. With respect to any other additional charge
 36 not specifically provided for in this section to be a permitted
 37 charge under this subsection, the creditor must submit a
 38 written explanation of the charge to the department
 39 indicating how the charge would be assessed and the value or
 40 benefit to the debtor. Supporting documents may be required
 41 by the department. The department shall determine whether
 42 the charge would be of benefit to the debtor and is



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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.



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(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.

(b) An additional charge may be made for insurance in connection with the loan, other than insurance protecting the lender against the debtor's default or other credit loss:

(1) with respect to insurance against loss of or damage to property or against liability, if the lender furnishes a clear and specific statement in writing to the debtor, setting forth the cost of the insurance if obtained from or through the

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lender and stating that the debtor may choose the person, subject to the lender'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 lender of the extension of credit and this fact is clearly disclosed in writing to the debtor, and if, in order to obtain the insurance in connection with the extension of credit, the debtor gives specific affirmative written indication of the desire to do so after written disclosure of the cost of the insurance.

(c) 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 lender, 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 loan 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 loan, 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.



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(C) The name of the financing entity taking assignment of the agreement, as applicable.

(D) The name and address of the consumer.

(E) The name of the lender 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 trial period.

(I) In the case of a consumer loan made with respect to a motor vehicle, a provision excluding the sale of GAP coverage if the amount financed under the consumer loan (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 of 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 agreement and obtain a refund of the unearned GAP charge before prepayment in full. Refunds of unearned GAP charges 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.

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- 1 (C) The seller of the GAP agreement, or the seller's
 2 assignee, is responsible for making a timely refund to
 3 the consumer of unearned GAP agreement charges
 4 under the terms and conditions of the GAP agreement.
 5 (7) Upon prepayment in full of the consumer loan:
 6 (A) the GAP coverage is automatically terminated; and
 7 (B) the seller of the GAP agreement must issue a refund
 8 in accordance with subdivision (6).
 9 (8) A lender that sells GAP agreements must:
 10 (A) insure its GAP agreement obligations under a
 11 contractual liability insurance policy issued by an
 12 insurer authorized to engage in the insurance business
 13 in Indiana; and
 14 (B) retain appropriate records, as required under this
 15 article, regarding GAP agreements sold, refunded, and
 16 expired.
- 17 **Sec. 6. (a) With respect to a consumer loan, refinancing, or**
 18 **consolidation, the parties may contract for a delinquency charge of**
 19 **not more than the following:**
 20 (1) Five dollars (\$5) on any installment or minimum payment
 21 due that is not paid in full not later than ten (10) days after
 22 its scheduled due date, in the case of a consumer loan,
 23 refinancing, or consolidation that is made before July 1,
 24 2019. The amount of five dollars (\$5) in this subdivision is
 25 subject to change under IC 37-2-1-5. In addition, the parties
 26 may provide by contract for a delinquency charge that is
 27 subject to change. If the parties provide by contract for a
 28 delinquency charge that is subject to change, the lender shall
 29 disclose in the contract that the amount of the delinquency
 30 charge is subject to change under IC 37-2-1-5 or this section.
 31 (2) In the case of a consumer loan, refinancing, or
 32 consolidation that is made after June 30, 2019, the following:
 33 (A) Five dollars (\$5) on any installment or minimum
 34 payment due that is not paid in full not later than ten
 35 (10) days after its scheduled due date, if installments
 36 under the consumer loan, refinancing, or consolidation
 37 are due every fourteen (14) days or less. The amount of
 38 five dollars (\$5) in this clause is not subject to change
 39 under IC 37-2-1-5.
 40 (B) Twenty-five dollars (\$25) on any installment or
 41 minimum payment due that is not paid in full not later
 42 than ten (10) days after its scheduled due date, if

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installments under the consumer loan, refinancing, or consolidation are due every fifteen (15) days or more. The amount of twenty-five dollars (\$25) in this clause is not subject to change under IC 37-2-1-5.

(C) Twenty-five dollars (\$25) 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 payable in a single installment that is due at least thirty (30) days after the consumer loan, refinancing, or consolidation is made. The amount of twenty-five dollars (\$25) in this clause is not subject to change under IC 37-2-1-5.

(b) A delinquency charge under this section may be collected only once on an installment however long it remains in default. With regard to a delinquency charge on consumer loans made under a revolving loan account, the delinquency charge may be applied each month that the payment is less than the minimum required payment on the account. A delinquency charge may be collected any time after it accrues. A delinquency charge may not be collected if:

- (1) the installment has been deferred and a deferral charge under section 7 of this chapter has been paid or incurred;
- (2) a charge for a skip-a-payment service under section 5(a)(9) of this chapter has been paid or incurred, as provided in section 5(a)(9)(C) of this chapter; or
- (3) a charge for an optional expedited payment service under section 5(a)(10) of this chapter has been paid or incurred, as provided in section 5(a)(10)(E) of this chapter.

(c) A creditor may not, directly or indirectly, charge or collect a delinquency charge on a payment that:

- (1) is paid not later than ten (10) days after its scheduled due date; and
- (2) is otherwise a full payment of the payment due for the applicable installment period;

if the only delinquency with respect to the consumer loan, refinancing, or consolidation is attributable to a delinquency charge assessed on an earlier installment.

(d) If two (2) or more installments, or parts of two (2) or more installments, of a precomputed loan are in default for ten (10) days or more, the lender may elect to convert the loan from a precomputed loan to a loan in which the finance charge is based on

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1 unpaid balances. A lender that makes this election shall make a
 2 rebate under the provisions on rebates upon prepayment set forth
 3 in section 13 of this chapter as of the maturity date of the first
 4 delinquent installment, and thereafter may make a loan finance
 5 charge as authorized by the provisions on loan finance charges for
 6 consumer loans (section 4 of this chapter) or supervised loans
 7 (section 35 of this chapter). The amount of the rebate shall not be
 8 reduced by the amount of any permitted minimum charge under
 9 section 13 of this chapter. Any deferral charges made on
 10 installments due at or after the maturity date of the first delinquent
 11 installment shall be rebated, and no further deferral charges shall
 12 be made.

13 Sec. 7. (a) This section applies only to a consumer loan,
 14 refinancing, or consolidation, that is entered into before July 1,
 15 2020. With respect to a precomputed consumer loan, refinancing,
 16 or consolidation, the parties before or after default may agree in
 17 writing to a deferral of all or part of one (1) or more unpaid
 18 installments, and the lender may make and collect a charge not
 19 exceeding the lesser of thirty-six percent (36%) per year or the rate
 20 previously stated to the debtor pursuant to section 14 of this
 21 chapter applied to the amount or amounts deferred for the period
 22 of deferral calculated without regard to difference in the lengths of
 23 months, but proportionally for a part of a month, counting each
 24 day as one-thirtieth (1/30) of a month. A deferral charge may be
 25 collected at the time it is assessed or at any time thereafter.

26 (b) The lender, in addition to the deferral charge, may make
 27 appropriate additional charges under section 5 of this chapter, and
 28 the amount of these charges which is not paid in cash may be added
 29 to the amount deferred for the purpose of calculating the deferral
 30 charge.

31 (c) The parties may agree in writing at the time of a
 32 precomputed consumer loan, refinancing, or consolidation that if
 33 an installment is not paid within ten (10) days after its due date, the
 34 lender may unilaterally grant a deferral and make charges as
 35 provided in this section. No deferral charge may be made for a
 36 period after the date that the lender elects to accelerate the
 37 maturity of the agreement.

38 (d) A delinquency charge made by the lender on an installment
 39 may not be retained if a deferral charge is made pursuant to this
 40 section with respect to the period of delinquency.

41 Sec. 8. With respect to a consumer loan, refinancing, or
 42 consolidation, the lender may by agreement with the debtor



refinance the unpaid balance and may contract for and receive a loan finance charge based on the principal resulting from the refinancing at a rate not exceeding that permitted by the provisions on a loan finance charge for consumer loans (section 4 of this chapter) or the provisions on a loan finance charge for supervised loans (section 35 of this chapter), whichever is appropriate. For the purpose of determining the loan finance charge permitted, the principal resulting from the refinancing comprises the following:

(1) If:

(A) the transaction was not precomputed, the total of the unpaid balance and the accrued charges on the date of the refinancing; or

(B) the transaction was precomputed, in the case of a transaction entered into before July 1, 2020, the amount which the debtor would have been required to pay upon prepayment pursuant to the provisions on rebate upon prepayment under section 13 of this chapter on the date of refinancing.

(2) Appropriate additional charges under section 5 of this chapter, payment of which is deferred.

Sec. 9. (a) If a debtor owes an unpaid balance to a lender with respect to a consumer loan, refinancing, or consolidation, and becomes obligated on another consumer loan, refinancing, or consolidation with the same lender, the parties may agree to a consolidation resulting in a single schedule of payments. If the previous consumer loan, refinancing, or consolidation was not precomputed, the parties may agree to add the unpaid amount of principal and accrued charges on the date of consolidation to the principal with respect to the subsequent loan. If the previous consumer loan, refinancing, or consolidation was precomputed, in the case of a transaction entered into before July 1, 2020, the parties may agree to refinance the unpaid balance pursuant to the provisions on refinancing set forth in section 8 of this chapter and to consolidate the principal resulting from the refinancing by adding it to the principal with respect to the subsequent loan. In either case the lender may contract for and receive a loan finance charge based on the aggregate principal resulting from the consolidation at a rate not in excess of that permitted by the provisions on loan finance charge for consumer loans (section 4 of this chapter) or the provisions on loan finance charge for supervised loans (section 35 of this chapter), whichever is appropriate.

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(b) The parties may agree to consolidate the unpaid balance of a consumer loan with the unpaid balance of a consumer credit sale. The parties may agree to refinance the previous unpaid balance pursuant to the provisions on refinancing sales set forth in IC 37-2-3-8 or the provisions on refinancing loans set forth in section 8 of this chapter, whichever is appropriate, and to consolidate the amount financed resulting from the refinancing or the principal resulting from the refinancing by adding it to the amount financed or principal with respect to the subsequent sale or loan. The aggregate amount resulting from the consolidation shall be deemed principal, and the creditor may contract for and receive a loan finance charge based on the principal at a rate not in excess of that permitted by the provisions on loan finance charge for consumer loans set forth in section 4 of this chapter or the provisions on loan finance charge for supervised loans set forth in section 35 of this chapter, whichever is appropriate.

Sec. 10. The parties may agree to add to a revolving loan account the unpaid balance of a consumer loan, not made pursuant to a revolving loan account, or a refinancing, or consolidation thereof, or the unpaid balance of a consumer credit sale, refinancing or consolidation. For the purpose of this section:

(1) the unpaid balance of a consumer loan, refinancing, or consolidation is an amount equal to the principal determined according to the provisions on refinancing set forth in section 8 of this chapter; and

(2) the unpaid balance of a consumer credit sale, refinancing, or consolidation is an amount equal to the amount financed determined according to the provisions on refinancing set forth in IC 37-2-3-8.

Sec. 11. (a) If the agreement with respect to a consumer loan, refinancing, or consolidation contains covenants by the debtor to perform certain duties pertaining to insuring or preserving collateral and if the lender pursuant to the agreement pays for performance of the duties on behalf of the debtor, the lender may add the amounts paid to the debt. Within a reasonable time after advancing any sums, the lender shall state to the debtor in writing the amount of the sums advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the debtor performed by the lender pertain to insurance, a brief description of the insurance paid for by the lender including the type and amount of coverages. No further information need be given.



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(b) A loan finance charge may be made for sums advanced pursuant to subsection (a) at a rate not exceeding the rate stated to the debtor pursuant to section 14 of this chapter with respect to the loan, refinancing, or consolidation, except that with respect to a revolving loan account the amount of the advance may be added to the unpaid balance of the debt and the lender may make a loan finance charge not exceeding that permitted by the provisions on loan finance charge for consumer loans set forth in section 4 of this chapter or for supervised loans set forth in section 35 of this chapter, whichever is appropriate.

Sec. 12. (a) Subject to the provisions on rebate upon prepayment set forth in section 13 of this chapter, the debtor may prepay in full the unpaid balance of a consumer loan, refinancing, or consolidation at any time without penalty. With respect to a consumer loan that is primarily secured by an interest in land, a lender may contract for a penalty for prepayment of the loan in full, not to exceed two percent (2%) of any amount prepaid within sixty (60) days of the date of the prepayment in full, after deducting all refunds and rebates as of the date of the prepayment. However, the penalty may not be imposed:

- (1) if the loan is refinanced or consolidated with the same creditor;
- (2) for prepayment by proceeds of any insurance or acceleration after default; or
- (3) after three (3) years from the contract date.

For purposes of this section, the collection of the amount of any conditionally waived closing costs (as allowed under section 5 of this chapter) by a creditor, as stipulated in the loan agreement, at the time of prepayment in full does not constitute a prepayment penalty and is not subject to the limitations set forth in this subsection.

(b) At the time of prepayment of a consumer loan not subject to the provisions of rebate upon prepayment set forth in section 13 of this chapter, the total finance charge, including the prepaid finance charge but excluding the nonrefundable prepaid finance charge allowed under section 4(i) or section 35(h) of this chapter, as applicable, may not exceed the maximum charge allowed under this chapter for the period the loan was in effect. For the purposes of determining compliance with this subsection, the total finance charge does not include the following:

- (1) The nonrefundable prepaid finance charge allowed under section 4(i) or section 35(h) of this chapter, as applicable.



(2) The debtor paid mortgage broker fee, if any, paid to a person who does not control, is not controlled by, or is not under common control with, the creditor holding the loan at the time a consumer loan is prepaid.

(c) The creditor or mortgage servicer shall provide, in writing, an accurate payoff amount for the consumer loan to the debtor within seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the creditor or mortgage servicer receives the debtor's written request for the accurate consumer loan 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 loan payoff amount is liable for:

(1) one hundred dollars (\$100) if an accurate consumer loan 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 loan finance charge that accrues on the loan from the date the creditor or mortgage servicer receives the first written request until the date on which the accurate consumer loan payoff amount is provided;

if an accurate consumer loan 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 loan 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

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1 a mortgage transaction with respect to which any installment or
 2 minimum payment due is delinquent for at least sixty (60) days.
 3 The creditor, servicer, or the creditor's agent shall acknowledge a
 4 written offer made in connection with a proposed short sale not
 5 later than five (5) business days (excluding legal public holidays,
 6 Saturdays, and Sundays) after the date of the offer if the offer
 7 complies with the requirements for a qualified written request set
 8 forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or
 9 creditor's agent is required to acknowledge a written offer made
 10 in connection with a proposed short sale from a third party acting
 11 on behalf of the debtor only if the debtor has provided written
 12 authorization for the creditor, servicer, or creditor's agent to do so.
 13 Not later than thirty (30) business days (excluding legal public
 14 holidays, Saturdays, and Sundays) after receipt of an offer under
 15 this subsection, the creditor, servicer, or creditor's agent shall
 16 respond to the offer with an acceptance or a rejection of the offer.
 17 The thirty (30) day period described in this subsection may be
 18 extended for not more than fifteen (15) business days (excluding
 19 legal public holidays, Saturdays, and Sundays) if, before the end of
 20 the thirty (30) day period, the creditor, the servicer, or the
 21 creditor's agent notifies the debtor of the extension and the reason
 22 the extension is needed. Payment accepted by a creditor, servicer,
 23 or creditor's agent in connection with a short sale constitutes
 24 payment in full satisfaction of the mortgage transaction unless the
 25 creditor, servicer, or creditor's agent obtains either:

- 26 (1) a statement that: "The debtor remains liable for any
- 27 amount still owed under the mortgage transaction."; or
- 28 (2) a statement substantially similar to the statement set
- 29 forth in subdivision (1);

30 acknowledged by the initials or signature of the debtor, on or
 31 before the date on which the short sale payment is accepted. As
 32 used in this subsection, "short sale" means a transaction in which
 33 the property that is the subject of a mortgage transaction is sold
 34 for an amount that is less than the amount of the debtor's
 35 outstanding obligation under the mortgage transaction. A creditor
 36 or mortgage servicer that fails to respond to an offer within the
 37 time prescribed by this subsection is liable in accordance with 12
 38 U.S.C. 2605(f) in any action brought under that section.

39 (e) This section is not intended to provide the owner of real
 40 estate subject to the issuance of process under a judgment or
 41 decree of foreclosure any protection or defense against a deficiency
 42 judgment for purposes of the borrower protections from liability

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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 earned charge for each elapsed day as one-thirtieth (1/30) of the amount the earned charge would have been if the first interval had been one (1) month.

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(3) If the computational period is one (1) week and:

(A) if the number of days in the interval to the due date of the first scheduled installment is less than five (5) days, or more than nine (9) days, but not more than eleven (11) days, the unearned loan finance charge shall be increased by an adjustment for each day by which the interval is less than seven (7) days and, at the option of the lender, may be reduced by an adjustment for each day by which the interval is more than seven (7) days; the adjustment for each day shall be one-seventh (1/7) 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) week; 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 week, the additional number of days shall be considered a computational period only if five (5) days or more. This clause applies whether or not clause (A) applies.

(f) If a deferral has been agreed to under section 7 of this chapter, the unearned portion of the loan finance charge shall be computed without regard to the deferral. The amount of deferral charge earned at the date of prepayment shall also be calculated. If the deferral charge earned is less than the deferral charge paid, the difference shall be added to the unearned portion of the loan finance charge. If any part of a deferral charge has been earned but has not been paid, that part shall be subtracted from the unearned portion of the loan finance charge or shall be added to the unpaid balance.

(g) This section does not preclude the collection or retention by the lender of delinquency charges under section 6 of this chapter.

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

(i) Upon prepayment in full of a consumer loan by the proceeds of consumer credit insurance, the debtor or the debtor's estate shall pay the same loan finance charge or receive the same rebate as though the debtor had prepaid the agreement on the date the 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

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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 circumstances under which the rate of the loan finance charge may increase, and any limitations on the increase in



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the rate of the loan finance charge.

(d) If a consumer loan is made under the authority of the Alternative Mortgage Transaction Parity Act (12 U.S.C. 3802 et seq.), the note evidencing the mortgage must contain a reference to the applicable federal law.

Sec. 16. (a) A lender may not take an assignment of earnings of the debtor for payment or as security for payment of a debt arising out of a consumer loan or otherwise. An assignment of earnings in violation of this section is unenforceable by the assignee of the earnings and revocable by the debtor. This section does not prohibit an employee from authorizing deductions from his earnings if the authorization is revocable and is otherwise permitted by law.

(b) A sale of unpaid earnings made in consideration of the payment of money to or for the account of the seller of the earnings is deemed to be a loan to the seller secured by an assignment of earnings.

Sec. 17. With respect to a consumer loan the agreement may provide for the payment by the debtor of reasonable attorney's fees after default and referral to an attorney not a salaried employee of the lender. A provision in violation of this section is unenforceable.

Sec. 18. Except for reasonable expenses incurred in realizing on a security interest, the agreement with respect to a consumer loan may not provide for charges as a result of default by the debtor other than those authorized by this article. A provision in violation of this section is unenforceable.

Sec. 19. The debtor is authorized to pay the original lender until the debtor receives notification of assignment of rights to payment pursuant to a consumer loan and that payment is to be made to the assignee. A notification which does not reasonably identify the rights assigned is ineffective. If requested by the debtor, the assignee must seasonably furnish reasonable proof that the assignment has been made and unless the assignee does so the debtor may pay the original lender.

Sec. 20. A debtor may not authorize any person to confess judgment on a claim arising out of a consumer loan. An authorization in violation of this section is void.

Sec. 21. (a) This section applies to consumer loans, including revolving loan accounts.

(b) Except as provided in subsection (c), a creditor shall credit 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

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1 other charge, including a delinquency charge under section 6 of
 2 this chapter. A delay in posting does not violate this section so long
 3 as the payment is credited as of the date of receipt.

4 (c) If a creditor specifies in writing requirements for the
 5 consumer to follow in making payments, but accepts a payment
 6 that does not conform to the requirements, the creditor shall credit
 7 the payment within five (5) days of receipt of the payment.

8 (d) If a creditor fails to credit a payment as required by this
 9 section in time to avoid the imposition of a finance or other charge,
 10 including a delinquency charge, the creditor shall adjust the
 11 consumer's account so that the charges imposed are credited to the
 12 consumer's account during the next payment period.

13 Sec. 22. (a) If a person licensed or required to be licensed
 14 under section 24 of this chapter also engages in activities of a loan
 15 broker described in IC 23-2.5, the activities of a loan broker are
 16 subject to the following sections of the Indiana Code and any rules
 17 adopted to implement these sections:

18 (1) IC 23-2.5-8-1, except for IC 23-2.5-8-1(b)(2).

19 (2) IC 23-2.5-8-2.

20 (3) IC 23-2.5-11-15(b) and IC 23-2.5-11-15(c).

21 (4) IC 23-2.5-11-17.

22 (5) IC 23-2.5-8-3.

23 (6) IC 23-2.5-8-4 through IC 23-2.5-8-9.

24 (7) IC 23-2.5-8-10.

25 (8) IC 23-2.5-10-1.

26 (9) IC 23-2.5-9-1.

27 (10) IC 23-2.5-11-16.

28 (b) Loan broker business transactions engaged in by persons
 29 licensed or required to be licensed under section 24 of this chapter
 30 are subject to examination by the department and to the
 31 examination fees described in section 26(h)(2) of this chapter. The
 32 department may cooperate with the securities division of the office
 33 of the secretary of state in the department's examination of loan
 34 broker business transactions and may use the securities division's
 35 examiners to conduct examinations.

36 Sec. 23. (a) A person that is a:

37 (1) depository institution;

38 (2) subsidiary that is owned and controlled by a depository
 39 institution and regulated by a federal banking agency; or

40 (3) credit union service organization;

41 may engage in Indiana in the making of consumer loans (including
 42 small loans that are subject to IC 37-3) that are not mortgage



1 transactions without obtaining a license under this article.

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

4 (1) taking assignments of consumer loans (including small
5 loans that are subject to IC 37-3) that are not mortgage
6 transactions; and

7 (2) undertaking the direct collection of payments from or the
8 enforcement of rights against debtors arising from consumer
9 loans (including small loans that are subject to IC 37-3) that
10 are not mortgage transactions;

11 in Indiana without obtaining a license under this article.

12 (c) A person that does not qualify under subsection (a) or (b)
13 shall acquire and retain a license under this chapter in order to
14 regularly engage in Indiana in the following actions with respect to
15 consumer loans that are not small loans (as defined in IC 37-3-2)
16 or mortgage transactions:

17 (1) The making of consumer loans.

18 (2) Taking assignments of consumer loans.

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

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

27 (e) Except as otherwise provided in subsections (a) and (b), a
28 separate license under IC 37-3 is required in order to regularly
29 engage in Indiana in the following actions with respect to small
30 loans (as defined in IC 37-3-2):

31 (1) The making of small loans (as defined in IC 37-3-2).

32 (2) Taking assignments of small loans (as defined in
33 IC 37-3-2).

34 (3) Undertaking the direct collection of payments from or the
35 enforcement of rights against debtors arising from small
36 loans (as defined in IC 37-3-2).

37 A person that seeks licensure under IC 37-3 in order to regularly
38 engage in Indiana in the actions set forth in this subsection shall
39 apply to the department for that license in the form and manner
40 prescribed by the department, and is subject to the same licensure
41 requirements and procedures as an applicant for a license to make
42 consumer loans (other than small loans or mortgage transactions)



under this section.

Sec. 24. (a) A person that is a:

- (1) depository institution;
- (2) subsidiary that is owned and controlled by a depository institution and regulated by a federal banking agency; or
- (3) credit union service organization;

may engage in Indiana in the making of subordinate lien mortgage transactions without obtaining a mortgage license issued by the department.

(b) A collection agency licensed under IC 25-11-1 or an institution regulated by the Farm Credit Administration may engage in:

- (1) taking assignments of subordinate lien mortgage transactions; and
- (2) undertaking the direct collection of payments from or the enforcement of rights against debtors arising from subordinate lien mortgage transactions;

in Indiana without obtaining a mortgage license issued by the department.

(c) A person that is not otherwise exempt under subsection (a) or (b) shall acquire and retain a mortgage license issued by the department in order to regularly engage in Indiana in the following actions with respect to subordinate lien mortgage transactions:

- (1) The making of subordinate lien mortgage loans.
- (2) Taking assignments of subordinate lien mortgage loans.
- (3) Undertaking the direct collection of payments from or the enforcement of rights against debtors arising from subordinate lien mortgage loans.

(d) Each:

- (1) creditor licensed by the department to engage in subordinate lien mortgage transactions; and
- (2) person that is exempt (either under this article or under IC 37-1-1-6(8)) from licensing and that:

(A) employs a licensed mortgage loan originator; or

(B) sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

shall register with and maintain a valid unique identifier issued by the NMLSR. Each licensed mortgage loan originator must be employed by, or sponsored as permitted by IC 37-1-1-6(8) or by 750 IAC 9, and associated with, a licensed creditor (or an exempt person described under subdivision (2)) that is registered with the NMLSR.



(e) Applicants for a mortgage license must apply to the department for the license in a form prescribed by the director.

Each form:

(1) must contain content as set forth by rule, instruction, or procedure of the director; and

(2) may be changed or updated as necessary by the director to carry out the purposes of this article.

(f) To fulfill the purposes of this article, the director may establish relationships or contracts with the NMLSR or other entities designated by the NMLSR to:

(1) collect and maintain records; and

(2) process transaction fees or other fees;

related to licensees or other persons subject to this article.

(g) For the purpose of participating in the NMLSR, the director or the department may:

(1) waive or modify, in whole or in part, by rule, regulation, or order, any or all of the requirements of this article; and

(2) establish new requirements as reasonably necessary to participate in the NMLSR.

Sec. 25. (a) Subject to subsection (f), the director may designate the NMLSR to serve as the sole entity responsible for:

(1) processing applications and renewals for licenses required under section 23 of this chapter;

(2) issuing unique identifiers for licensees and entities exempt from licensing under section 23 of this chapter; and

(3) performing other services that the director determines are necessary for the orderly administration of the department's licensing system under section 23 of this chapter.

(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 to the NMLSR significant or recurring violations of this article related to consumer loans that are not mortgage transactions, including small loans under IC 37-3.

(c) Subject to the confidentiality provisions contained in IC 5-14-3, this section, and IC 28-1-2-30, the director may report to the NMLSR complaints received regarding licensees under section 23 of this chapter in connection with consumer loans that are not mortgage transactions, including small loans under IC 37-3.

(d) The director may report to the NMLSR publicly adjudicated licensure actions against licensees under section 23 of



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1 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
11 person is authorized to do so by statute;

12 (B) initiate any civil action based on information
13 obtained from the NMLSR if the information is not
14 otherwise available to the person under any other state
15 law; or

16 (C) initiate any civil action based on information
17 obtained from the NMLSR if the person could not have
18 initiated the action based on information otherwise
19 available to the person under any other state law.

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

23 (A) furnished by the director, the director's designee, or
24 a licensee; or

25 (B) otherwise obtained by the NMLSR;

26 are confidential and privileged by law and are not subject to
27 inspection under IC 5-14-3, subject to subpoena, subject to
28 discovery, or admissible in evidence in any civil action.
29 However, the director may use the documents, materials, or
30 other information available to the director in furtherance of
31 any action brought in connection with the director's duties
32 under this article.

33 (3) Disclosure of documents, materials, and information:

34 (A) to the director; or

35 (B) by the director;

36 under this subsection does not result in a waiver of any
37 applicable privilege or claim of confidentiality with respect
38 to the documents, materials, or information.

39 (4) Information provided to the NMLSR is subject to
40 IC 4-1-11.

41 (5) This subsection does not limit or impair a person's right
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(A) obtain information;

(B) use information as evidence in a civil action or 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) 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 financial services 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, 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 privileged information or material held by the NMLSR, 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);



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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 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

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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



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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 IC 28-11-3-5.

(3) An annual renewal fee as established by the department under IC 28-11-3-5.

(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.

(j) The licensee may deduct the fees required under subsection (h)(1) and (h)(3) from the filing fees paid under IC 37-2-7-26.

(k) Except in a transaction approved under section 41 of this chapter, a license issued under this section is not assignable or transferable.

(l) 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).

Sec. 27. (a) When the director requests a national criminal history background check under section 26(d)(1) of this chapter for an individual described in section 26(b) of this chapter, the director shall require the individual to submit fingerprints to the department, state police department, or NMLSR, as directed, at the time evidence of compliance is requested under section 26(d) of this chapter. The individual to whom the request is made shall pay any fees or costs associated with processing and evaluating the fingerprints and the national criminal history background check. The national criminal history background check may be used by the director to determine the individual's compliance with this section. The director or the department may not release the results of the national criminal history background check to any private entity.

(b) For purposes of this section and in order to reduce the points of contact that the Federal Bureau of Investigation may have to maintain for purposes of this section, the director may use



the NMLSR as a channeling agent for requesting information from and distributing information to the United States Department of Justice or any governmental agency.

Sec. 28. (a) If the director requests a credit report for an individual described in section 26(b) of this chapter, the individual to whom the request is made shall pay any fees or costs associated with procuring the report.

(b) The individual must submit personal history and experience information in a form prescribed by the NMLSR, including the submission of authorization for the NMLSR or the director to obtain an independent credit report obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a(p)).

(c) The director may consider one (1) or more of the following when determining if an individual has demonstrated financial responsibility:

- (1) Bankruptcies filed within the last ten (10) years.
- (2) Current outstanding judgments, except judgments solely as a result of medical expenses.
- (3) Current outstanding tax liens or other government liens or filings.
- (4) Foreclosures within the past three (3) years.
- (5) A pattern of serious delinquent accounts within the past three (3) years.

Sec. 29. (a) Each:

- (1) creditor licensed by the department to engage in mortgage transactions; and
- (2) person that is exempt (either under this article or under IC 37-1-1-6(8)) from licensing and that:

- (A) employs a licensed mortgage loan originator; or
- (B) sponsors a licensed mortgage loan originator as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

must be covered by a surety bond in accordance with this section.

(b) A surety bond must:

- (1) provide coverage for:
 - (A) a creditor described in subsection (a)(1); and
 - (B) an exempt person described in subsection (a)(2);
- in an amount as prescribed in subsection (d);
- (2) be in a form as prescribed by the director;
- (3) be in effect:
 - (A) during the term of the creditor's license; or
 - (B) at any time during which the person exempt from



- 1 licensing employs a licensed mortgage loan originator,
 2 or sponsors a licensed mortgage loan originator as
 3 permitted by IC 37-1-1-6(8) or by 750 IAC 9;
 4 as applicable;
 5 (4) subject to subsection (c), remain in effect during the two
 6 (2) years after:
 7 (A) the license of the creditor is surrendered or
 8 terminated; or
 9 (B) the person exempt from licensing ceases to employ
 10 a licensed mortgage loan originator, or ceases to sponsor
 11 a licensed mortgage loan originator as permitted by
 12 IC 37-1-1-6(8) or by 750 IAC 9, or to offer financial
 13 services to individuals in Indiana, whichever is later;
 14 as applicable;
 15 (5) be payable to the department for the benefit of:
 16 (A) the state; and
 17 (B) individuals who reside in Indiana when they agree to
 18 receive financial services from the creditor or the person
 19 exempt from licensing, as applicable;
 20 (6) be issued by a bonding, surety, or insurance company
 21 authorized to do business in Indiana and rated at least "A-"
 22 by at least one (1) nationally recognized investment rating
 23 service; and
 24 (7) have payment conditioned upon:
 25 (A) the creditor's or any of the creditor's licensed
 26 mortgage loan originators'; or
 27 (B) the exempt person's or any of the exempt person's
 28 licensed mortgage loan originators';
 29 noncompliance with or violation of this chapter, 750 IAC 9,
 30 or other federal or state laws or regulations applicable to
 31 mortgage lending.
 32 (c) The director may adopt rules or guidance documents with
 33 respect to the requirements for surety bonds as necessary to
 34 accomplish the purposes of this article. Upon written request from:
 35 (1) a creditor described in subsection (a)(1); or
 36 (2) an exempt person described in subsection (a)(2);
 37 the director may, at the discretion of the director, waive or shorten
 38 the two (2) year period set forth in subsection (b)(4) during which
 39 a surety bond required by this section must remain in effect after
 40 the occurrence of an event described in subsection (b)(4)(A) or
 41 (b)(4)(B), as applicable.
 42 (d) The penal sum of the surety bond shall be maintained in an

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amount that reflects the dollar amount of mortgage transactions originated as determined by the director. If the principal amount of a surety bond required under this section is reduced by payment of a claim or judgment, the creditor or exempt person 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 creditor or the exempt person shall immediately notify the department and file a new surety bond in an amount determined by the director.

(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 made in writing and submitted through the NMLSR or any other electronic registration system that may be approved by the director.

Sec. 30. (a) Subject to subsection (g), the director shall designate the NMLSR to serve as the sole entity responsible for:

(1) processing applications and renewals for licenses under section 24 of this chapter;

(2) issuing unique identifiers for licensees under section 24 of this chapter and for persons exempt from licensing (either under this article or under IC 37-1-1-6(8)) that employ licensed mortgage loan originators or that sponsor licensed mortgage loan originators as permitted by IC 37-1-1-6(8) or by 750 IAC 9; and

(3) performing other services that the director determines necessary for the orderly administration of the department's licensing system under section 24 of this chapter.

(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 related to subordinate lien mortgage transactions 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



1 complaints received regarding licensees and relating to
2 subordinate lien mortgage transactions to the NMLSR.

3 (d) The director may report publicly adjudicated licensure
4 actions against licensees under section 24 of this chapter to the
5 NMLSR.

6 (e) The director shall establish a process in which persons
7 licensed in accordance with section 24 of this chapter may
8 challenge information reported to the NMLSR by the department.

9 (f) The director's authority to designate the NMLSR under
10 subsection (a) is subject to the following:

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

14 (A) obtain information from the NMLSR unless the
15 person is authorized to do so by statute;

16 (B) initiate any civil action based on information
17 obtained from the NMLSR if the information is not
18 otherwise available to the person under any other state
19 law; or

20 (C) initiate any civil action based on information
21 obtained from the NMLSR if the person could not have
22 initiated the action based on information otherwise
23 available to the person under any other state law.

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

27 (A) furnished by the director, the director's designee, or
28 a licensee; or

29 (B) otherwise obtained by the NMLSR;

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

37 (3) Disclosure of documents, materials, and information:

38 (A) to the director; or

39 (B) by the director;

40 under this subsection does not result in a waiver of any
41 applicable privilege or claim of confidentiality with respect
42 to the documents, materials, or information.

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(4) Information provided to the NMLSR is subject to IC 4-1-11.

(5) This subsection does not limit or impair a person's right to:

(A) obtain information;

(B) use information as evidence in a civil action or 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

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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



1 this chapter, the creditor has:

2 (A) paid all required fees for renewal of the license; and

3 (B) filed all reports and information required by the
4 director.

5 (2) If the creditor is licensed under section 24 of this chapter,
6 the following:

7 (A) The creditor has continued to meet the surety bond
8 requirement under section 29 of this chapter.

9 (B) The creditor has filed the creditor's call report in a
10 manner that satisfies section 33(d) of this chapter.

11 (C) The creditor has paid all required fees for renewal
12 of the license.

13 (D) The creditor and individuals described in section
14 26(b) of this chapter have certified to the department
15 that they continue to meet all the standards for licensing
16 established under section 26 of this chapter.

17 (E) The creditor has filed all reports and information
18 required by the director.

19 (F) The creditor has provided in the creditor's renewal
20 application any information describing material changes
21 in the information contained in the creditor's original
22 application for licensure, or in any previous application,
23 including any previous renewal application, along with
24 any other information the director requires in order to
25 evaluate the renewal of the license issued under this
26 article.

27 (b) A license issued by the department authorizing a person to
28 engage as a creditor in consumer loans or consumer credit sales
29 under this article may be revoked or suspended by the department
30 if the person fails to:

31 (1) file any renewal form required by the department; or

32 (2) pay any license renewal fee described under section
33 26(h)(3) of this chapter;

34 not later than sixty (60) days after the due date.

35 (c) A person whose license is revoked or suspended under this
36 section may do either of the following:

37 (1) Pay all delinquent fees and apply for reinstatement of the
38 license.

39 (2) Appeal the revocation or suspension to the department
40 for an administrative review under IC 4-21.5-3.

41 Pending the decision from a hearing under IC 4-21.5-3 concerning
42 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.

(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 laws, rules, or regulations applicable to consumer credit transactions;

(2) the licensee does not meet the licensing qualifications under section 26 of this chapter;

(3) the licensee obtained the license for the benefit of, or on behalf of, a person who does not qualify for the license;

(4) the licensee knowingly or intentionally made material misrepresentations to, or concealed material information



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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 forthwith 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

(4) any other terms and conditions that apply to the revocation or suspension.

Not later than five (5) days after the entry of the order the department shall deliver to the licensee a copy of the order and the findings supporting the order.

(e) Any person holding a license to make consumer loans may relinquish the license by notifying the department in writing of its relinquishment, but this relinquishment does not affect the person's liability for acts previously committed and coming within the scope of this article.

(f) If the director determines it is in the public interest, the director may pursue revocation of a license of a licensee that has relinquished the license under subsection (e).

(g) If a person's license is revoked, suspended, or relinquished, the revocation, suspension, or relinquishment does not impair or affect any obligation owed by any person under any preexisting lawful contract.

(h) If the director has just cause to believe an emergency exists from which it is necessary to protect the interests of the public, the director may proceed with the revocation of a license through an emergency or another temporary order under IC 4-21.5-4.

Sec. 33. (a) Every creditor required to be licensed under this article shall maintain records in conformity with United States generally accepted accounting principles and practices, or in any other form that may be preapproved at the discretion of the director, in a manner that will enable the department to determine whether the licensee is complying with the provisions of this article. The record keeping system of a licensee shall be sufficient if the licensee makes the required information reasonably available. The department shall determine the sufficiency of the records and

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whether the licensee has made the required information reasonably available. The department shall be given free access to the records wherever located. The records pertaining to any loan shall be retained for two (2) years after making the final entry relating to the loan, but in the case of a revolving loan account the two (2) years is measured from the date of each entry. A person licensed or required to be licensed under this chapter is subject to IC 28-1-2-30.5 with respect to any records maintained by the person. A person that is exempt (either under this article or under IC 37-1-1-6(8)) from licensing and that sponsors one (1) or more licensed mortgage loan originators as permitted by IC 37-1-1-6(8) or by 750 IAC 9, shall:

(1) cooperate with the department; and

(2) provide 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.

(b) The unique identifier of any person originating a mortgage transaction must be clearly shown on all mortgage transaction application forms and any other documents as required by the director.

(c) Every licensee that engages in mortgage transactions shall use automated examination and regulatory software designated by the director, including third party software. Use of the software consistent with guidance documents and policies issued by the director is not a violation of IC 28-1-2-30.

(d) Each:

(1) creditor that is licensed by the department to engage in mortgage transactions; and

(2) person that is exempt (either under this article or under IC 37-1-1-6(8)) from licensing and that:

(A) employs one (1) or more licensed mortgage loan originators; or

(B) sponsors one (1) or more licensed mortgage loan originators as permitted by IC 37-1-1-6(8) or by 750 IAC 9;

shall submit to the NMLSR a call report, which must be in the form and contain information the NMLSR requires.

(e) Every creditor required to be licensed under this article shall file with the department a composite report as required by the department, but not more frequently than annually, in the form prescribed by the department relating to all consumer loans made



by the licensee. The department shall consult with comparable officials in other states for the purpose of making the kinds of information required in the reports uniform among the states. Information contained in the reports shall be confidential and may be published only in composite form. The department may impose a fee in an amount fixed by the department under IC 28-11-3-5 for each day that a creditor fails to file the report required by this subsection.

(f) A creditor required to be licensed under this article shall file notification with the department if the licensee:

- (1) has a change in name, address, or principals;
- (2) opens a new branch, closes an existing branch, or relocates an existing branch;
- (3) files for bankruptcy or reorganization; or
- (4) is subject to revocation or suspension proceedings by a state or governmental authority with regard to the licensee's activities;

not later than thirty (30) days after the date of the event described in this subsection.

(g) Every licensee shall file notification with the department if the licensee or any director, executive officer, or manager of the licensee has been convicted of a felony under the laws of Indiana or any other jurisdiction. The licensee shall file the notification required by this subsection not later than thirty (30) days after the date of the event described in this subsection.

Sec. 34. (a) As used in this section, "automated loan machine" means an unmanned machine that performs routine lending functions.

(b) A licensee may make loans through an automated loan machine at an offsite location if the licensee:

- (1) notifies the department in writing of the existence and location of the automated loan machine;
- (2) maintains at a location licensed or approved by the department the books, accounts, records, and files concerning transactions performed through the automated loan machine; and
- (3) posts at the offsite location where the automated loan machine is located the:
 - (A) address where the books, accounts, records and files are located; and
 - (B) telephone number at which the licensee may be contacted.



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1 **Sec. 35. (a)** With respect to a supervised loan, including a loan
 2 pursuant to a revolving loan account, a supervised lender may
 3 contract for and receive a loan finance charge not exceeding that
 4 permitted by this section.

5 **(b)** The loan finance charge, calculated according to the
 6 actuarial method, may not exceed the equivalent of the greater of:

7 **(1)** the total of:

8 **(A)** thirty-six percent (36%) per year on that part of the
 9 unpaid balances of the principal which is two thousand
 10 dollars (\$2,000) or less;

11 **(B)** twenty-one percent (21%) per year on that part of
 12 the unpaid balances of the principal which is more than
 13 two thousand dollars (\$2,000) but does not exceed four
 14 thousand dollars (\$4,000); and

15 **(C)** fifteen percent (15%) per year on that part of the
 16 unpaid balances of the principal which is more than four
 17 thousand dollars (\$4,000); or

18 **(2)** twenty-five percent (25%) per year on the unpaid
 19 balances of the principal.

20 **(c)** In the case of a loan agreement entered into before July 1,
 21 2020, this section does not limit or restrict the manner of
 22 contracting for the loan finance charge, whether by way of add-on,
 23 discount, or otherwise, so long as the rate of the loan finance
 24 charge does not exceed that permitted by this section. If the loan is
 25 precomputed:

26 **(1)** the loan finance charge may be calculated on the
 27 assumption that all scheduled payments will be made when
 28 due; and

29 **(2)** the effect of prepayment is governed by the provisions on
 30 rebate upon prepayment in section 13 of this chapter.

31 After June 30, 2020, a loan agreement may not be entered into for
 32 a precomputed supervised loan. The loan finance charge
 33 authorized by this section must be contracted for between the
 34 lender and the debtor, and must be calculated by applying a rate
 35 not exceeding the rate set forth in subsection (b) to unpaid balances
 36 of the principal.

37 **(d)** The term of a loan for the purposes of this section
 38 commences on the date the loan is made. Differences in the lengths
 39 of months are disregarded, and a day may be counted as
 40 one-thirtieth (1/30) of a month. Subject to classifications and
 41 differentiations the lender may reasonably establish, a part of a
 42 month in excess of fifteen (15) days may be treated as a full month



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1 if periods of fifteen (15) days or less are disregarded and that
 2 procedure is not consistently used to obtain a greater yield than
 3 would otherwise be permitted.

4 (e) Subject to classifications and differentiations the lender
 5 may reasonably establish, the lender may make the same loan
 6 finance charge on all principal amounts within a specified range.
 7 A loan finance charge does not violate subsection (b) if:

8 (1) when applied to the median amount within each range, it
 9 does not exceed the maximum permitted in subsection (b);
 10 and

11 (2) when applied to the lowest amount within each range, it
 12 does not produce a rate of loan finance charge exceeding the
 13 rate calculated according to subdivision (1) by more than
 14 eight percent (8%) of the rate calculated according to
 15 subdivision (1).

16 (f) The amounts of two thousand dollars (\$2,000) and four
 17 thousand dollars (\$4,000) in subsection (b) and thirty dollars (\$30)
 18 in subsection (g) are subject to change pursuant to the provisions
 19 on adjustment of dollar amounts set forth in IC 37-2-1-5. However,
 20 notwithstanding IC 37-2-1-5(a), for the adjustment of the amount
 21 of thirty dollars (\$30), the Reference Base Index to be used is the
 22 Index for October 1992. Notwithstanding IC 37-2-1-5(a), for the
 23 adjustment of the amounts of two thousand dollars (\$2,000) and
 24 four thousand dollars (\$4,000), the Reference Base Index to be used
 25 is the Index for October 2012.

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

32 (1) the debtor prepays in full a consumer loan, refinancing,
 33 or consolidation, regardless of whether the loan, refinancing,
 34 or consolidation is precomputed;

35 (2) the loan, refinancing, or consolidation prepaid by the
 36 debtor is subject to a loan finance charge that:

37 (A) is contracted for by the parties; and

38 (B) does not exceed the rate prescribed in subsection (b);
 39 and

40 (3) the loan finance charge earned at the time of prepayment
 41 is less than the minimum loan finance charge contracted for
 42 under this subsection.



(h) Except as provided in subsections (g) and (j)(3), in addition to the loan finance charge provided for in this section and to any other charges and fees permitted by this chapter, the lender may contract for and receive a nonrefundable prepaid finance charge of not more than fifty dollars (\$50) if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:

(1) Seventy-five dollars (\$75), in the case of a loan agreement for a principal amount which is two thousand dollars (\$2,000) or less.

(2) One hundred fifty dollars (\$150) in the case of a loan agreement for a principal amount which is more than two 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.



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(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).

Sec. 36. With respect to a consumer loan, no lender may permit any person, or husband and wife, to become obligated in any way under more than one loan agreement with the lender or with a person related to the lender, with intent to obtain a higher rate of loan finance charge than would otherwise be permitted by the provisions on loan finance charge for supervised loans set forth in section 35 of this chapter or to avoid disclosure of an annual percentage rate pursuant to the provisions on disclosure set forth in section 14 of this chapter. The excess amount of loan finance charge provided for in agreements in violation of this section is an excess charge for the purposes of the provisions on effect of violations on rights of parties (IC 37-2-6-9) and the provisions on civil actions by the department (IC 37-2-7-14).

Sec. 37. (a) With respect to a supervised loan in which the principal is four thousand dollars (\$4,000) or less, a lender may not contract for an interest in land as security. A security interest taken in violation of this section is void.

(b) The amount of four thousand dollars (\$4,000) in subsection (a) is subject to change pursuant to 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 2012.

Sec. 38. (a) Supervised loans not made pursuant to a revolving loan account and in which the principal is four thousand dollars (\$4,000) or less are payable in a single installment or shall be scheduled to be payable in substantially equal installments that are payable at equal periodic intervals, except to the extent that the schedule of payments is adjusted to the seasonal or irregular income of the debtor, and:

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- (1) over a period of not more than thirty-seven (37) months if the principal is more than three hundred dollars (\$300); or
 (2) over a period of not more than twenty-five (25) months if the principal is three hundred dollars (\$300) or less.

(b) The amounts of three hundred dollars (\$300) and four thousand dollars (\$4,000) in subsection (a) are subject to change pursuant to 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 with respect to the amount of:

- (1) three hundred dollars (\$300) is the Index for October 1992; and
 (2) four thousand dollars (\$4,000) is the Index for October 2012.

Sec. 39. A licensee may carry on other business at a location where the licensee makes consumer loans unless the licensee carries on other business for the purpose of evasion or violation of this article.

Sec. 40. (a) As used in this section, "control" means possession of the power directly or indirectly to:

- (1) direct or cause the direction of the management or policies of a creditor, whether through the beneficial ownership of voting securities, by contract, or otherwise; or
 (2) vote at least twenty-five percent (25%) of the voting securities of a creditor, whether the voting rights are derived through the beneficial ownership of voting securities, by contract, or otherwise.

(b) An organization or an individual acting directly, indirectly, or through or in concert with one (1) or more other organizations or individuals may not acquire control of any creditor unless the department has received and approved an application for change in control. The department has not more than one hundred twenty (120) days after receipt of an application to issue a notice approving the proposed change in control. The application must contain the name and address of the organization, individual, or individuals who propose to acquire control and any other information required by the director.

(c) The period for approval under subsection (b) may be extended:

- (1) in the discretion of the director for an additional thirty (30) days; and
 (2) not more than two (2) additional times for not more than forty-five (45) days each time if:

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(A) the director determines that the organization, individual, or individuals who propose to acquire control have not submitted substantial evidence of the qualifications described in subsection (d);

(B) the director determines that any material information submitted is substantially inaccurate; or

(C) the director has been unable to complete the investigation of the organization, individual, or individuals who propose to acquire control because of any delay caused by or the inadequate cooperation of the organization, individual, or individuals.

(d) The department shall issue a notice approving the application only after the department is satisfied that both of the following apply:

(1) The organization, individual, or individuals who propose to acquire control are qualified by competence, experience, character, and financial responsibility to control and operate the creditor in a legal and proper manner.

(2) The interests of the owners and creditors of the creditor and the interests of the public generally will not be jeopardized by the proposed change in control.

(e) The director may determine, in the director's discretion, that subsection (b) does not apply to a transaction if the director determines that the direct or beneficial ownership of the creditor will not change as a result of the transaction.

(f) The president or other chief executive officer of a creditor shall report to the director any transfer or sale of securities of the creditor that results in direct or indirect ownership by a holder or an affiliated group of holders of at least ten percent (10%) of the outstanding securities of the creditor. The report required by this subsection must be made not later than ten (10) days after the transfer of the securities on the books of the creditor.

(g) Depending on the circumstances of the transaction, the director may reserve the right to require the organization, individual, or individuals who propose to acquire control of a creditor licensed under this article to apply for a new license under section 26 of this chapter, instead of acquiring control of the licensee under this section.

Sec. 41. The parties to a loan other than a consumer loan may agree in writing signed by the parties that the loan is subject to the provisions of this article applying to consumer loans. If the parties so agree, the loan is a consumer loan for the purposes of this



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1 article.

2 Sec. 42. (a) With respect to a consumer related loan, including
3 one made pursuant to a revolving loan account, the parties may
4 contract for the payment by the debtor of a loan finance charge,
5 calculated according to the actuarial method, not to exceed
6 twenty-five percent (25%) per year on the unpaid principal
7 balance.

8 (b) A person engaged in consumer related loans is not required
9 to comply with:

10 (1) the licensing requirements set forth in section 26 of this
11 chapter; or

12 (2) IC 37-2-7-24 through IC 37-2-7-26.

13 Sec. 43. (a) The agreement with respect to a consumer related
14 loan may provide for only the following charges as a result of the
15 debtor's default:

16 (1) reasonable attorney's fees and reasonable expenses
17 incurred in realizing on a security interest;

18 (2) deferral charges not in excess of twenty-five percent
19 (25%) per year of the amount deferred for the period of
20 deferral; and

21 (3) other charges that could have been made had the loan
22 been a consumer loan.

23 (b) A provision in violation of this section is unenforceable.

24 Sec. 44. With respect to a loan other than a consumer loan or
25 a consumer related loan, the parties may contract for the payment
26 by the debtor of any loan finance charge.

27 Sec. 45. (a) In addition to any disclosures otherwise provided
28 by law, a lender soliciting loans using a negotiable check, facsimile,
29 or other negotiable instrument that may be used by a consumer to
30 activate a new loan shall disclose the following:

31 "This is a solicitation for a loan. Read the enclosed
32 disclosures before signing this agreement."

33 This notice shall be printed in at least ten point type and shall
34 appear conspicuously on the offer.

35 (b) If a negotiable check, a facsimile, or another instrument is
36 stolen or incorrectly received by someone other than the intended
37 payee and the instrument is fraudulently cashed, the consumer who
38 was the intended payee is not liable for the loan obligation.

39 Sec. 46. With respect to a consumer loan secured by an interest
40 in land used or expected to be used as the principal dwelling of the
41 debtor, a lender shall comply with IC 6-1.1-12-43.

42 Chapter 5. Insurance



1 **Sec. 1. (a) Except as provided in subsection (b), this chapter**
 2 **applies to insurance provided or to be provided in relation to a**
 3 **consumer credit sale, a consumer lease, or a consumer loan.**

4 **(b) Section 17 of this chapter concerning cancellation by a**
 5 **creditor applies to loans the primary purpose of which is the**
 6 **financing of insurance. No other provision of this chapter applies**
 7 **to insurance so financed.**

8 **(c) This chapter supplements and does not repeal IC 27-8-4**
 9 **(the credit insurance act). The provisions of this article concerning**
 10 **administrative controls, liabilities, and penalties do not apply to**
 11 **persons acting as insurers, and the similar provisions of IC 27-8-4**
 12 **do not apply to creditors and debtors.**

13 **Sec. 2. (a) Except as otherwise provided in this chapter and**
 14 **subject to the provisions on:**

15 **(1) additional charges set forth in IC 37-2-3-5 and**
 16 **IC 37-2-4-5;**

17 **(2) maximum charges set forth in IC 37-2-3-4 through**
 18 **IC 37-2-3-12; and**

19 **(3) maximum charges set forth in IC 37-2-4-4 through**
 20 **IC 37-2-4-13;**

21 **a creditor may agree to provide insurance, and may contract for**
 22 **and receive a charge for insurance separate from and in addition**
 23 **to other charges. A creditor need not make a separate charge for**
 24 **insurance provided or required by the creditor. This article does**
 25 **not authorize the issuance of any insurance prohibited under any**
 26 **statute, or rule thereunder, governing the business of insurance.**

27 **(b) The excess amount of a charge for insurance provided for**
 28 **in agreements in violation of this chapter is an excess charge for**
 29 **the purposes of the provisions of the chapter on remedies and**
 30 **penalties (IC 37-2-6) as to effect of violations on rights of parties**
 31 **(IC 37-2-6-9) and of the provisions of IC 37-2-7 as to civil actions**
 32 **by the department (IC 37-2-7-14).**

33 **Sec. 3. If a creditor agrees with a debtor to provide insurance:**

34 **(1) the insurance shall be evidenced by an individual policy**
 35 **or certificate of insurance delivered to the debtor, or sent to**
 36 **the debtor at the debtor's address as stated by the debtor,**
 37 **within thirty (30) days after the term of the insurance**
 38 **commences under the agreement between the creditor and**
 39 **debtor; or**

40 **(2) the creditor shall promptly notify the debtor of any**
 41 **failure or delay in providing the insurance.**

42 **Sec. 4. (a) In applying the provisions of this article on**



unconscionability (IC 37-2-6-7 and IC 37-2-7-12) to a separate charge for insurance, consideration shall be given, among other factors, to:

- (1) potential benefits to the debtor including the satisfaction of the debtor's obligations;
- (2) the creditor's need for the protection provided by the insurance; and
- (3) the relation between the amount and terms of credit granted and the insurance benefits provided.

(b) If consumer credit insurance otherwise complies with this chapter and other applicable law, neither the amount nor the term of the insurance nor the amount of a charge therefor is in itself unconscionable.

Sec. 5. (a) Except as provided in subsection (b), if a creditor contracts for or receives a separate charge for insurance, the amount charged to the debtor for the insurance may not exceed the premium to be charged by the insurer, as computed at the time the charge to the debtor is determined, conforming to any rate filings required by law and made by the insurer with the insurance commissioner.

(b) A creditor who provides consumer credit insurance in relation to a revolving charge account or revolving loan account may calculate the charge to the debtor in each billing cycle by applying the current premium rate to one (1) of the following:

- (1) The average daily unpaid balance of the debt in the cycle.
- (2) The unpaid balance of the debt or a median amount within a specified range of unpaid balances of debt on approximately the same day of the cycle. The day of the cycle need not be the day used in calculating the credit service charge under IC 37-2-3-4(f) or loan finance charge (IC 37-2-4-4 and IC 37-2-4-35), but the specified range shall be the range used for that purpose.
- (3) The unpaid balances of principal calculated according to the actuarial method.
- (4) The amount of the insurance benefit for the cycle.

Sec. 6. (a) Upon prepayment in full of a consumer credit sale or consumer loan by the proceeds of consumer credit insurance, the debtor or the debtor's estate is entitled to a refund of:

- (1) any portion of a separate charge for insurance which by reason of prepayment is retained by the creditor or returned to the creditor by the insurer unless the charge was computed from time to time on the basis of the balances of



1 the debtor's account; and

2 (2) any portion of an additional charge that is:

3 (A) assessed in accordance with IC 37-2-3-5(a)(3),
4 IC 37-2-3-5(a)(8), IC 37-2-3-5(a)(5), or
5 IC 37-2-4-5(a)(11); and

6 (B) subject to rebate upon prepayment.

7 (b) This chapter does not require a creditor to grant a refund
8 or credit to the debtor if all refunds and credits due to the debtor
9 under this chapter amount to less than one dollar (\$1), and except
10 as provided in subsection (a) does not require the creditor to
11 account to the debtor for any portion of a separate charge for
12 insurance because:

13 (1) the insurance is terminated by performance of the
14 insurer's obligation;

15 (2) the creditor pays or accounts for premiums to the insurer
16 in amounts and at times determined by the agreement
17 between them; or

18 (3) the creditor receives directly or indirectly under any
19 policy of insurance a gain or advantage not prohibited by
20 law.

21 (c) Except as provided in subsection (b), the creditor or the
22 creditor's assignee shall promptly make an appropriate refund or
23 credit to the debtor for any separate charge made for insurance or
24 for an additional charge described in subsection (a)(2) if:

25 (1) the insurance is not provided or is provided for a term
26 shorter than the term for which the charge to the debtor for
27 insurance was computed; or

28 (2) the insurance or the protection provided in exchange for
29 the additional charge described in subsection (a)(2)
30 terminates prior to the end of the scheduled term of the
31 coverage because of prepayment in full or otherwise.

32 (d) An initial creditor, a subsequent creditor, or an assignee of
33 an initial or a subsequent creditor, shall maintain documentation
34 of any account that is subject to a refund or credit under this
35 section. The information maintained under this subsection shall be
36 made available to the department as necessary to determine
37 compliance with this section.

38 (e) A refund or credit required by subsection (c)(1) is
39 appropriate as to amount if it is computed according to a method
40 prescribed or approved by the insurance commissioner or a
41 formula filed by the insurer with the insurance commissioner at
42 least thirty (30) days before the debtor's right to a refund or credit



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1 becomes determinable, unless the method or formula is used after
 2 the insurance commissioner notifies the insurer that it is
 3 disapproved.

4 (f) If a refund or credit required by subsection (a) or (c) is not
 5 made to the debtor within sixty (60) days after the date the debt is
 6 terminated, due to prepayment in full or otherwise, the creditor
 7 shall pay to the debtor for each day after the sixty (60) day period
 8 has expired an amount equal to the daily interest at the contracted
 9 annual percentage rate on the amount of the refund required by
 10 subsection (a) due at the time of prepayment or termination. The
 11 director may impose an additional civil penalty of not greater than
 12 one thousand dollars (\$1,000) per occurrence if a creditor engages
 13 in a pattern or practice of failing to comply with this subsection.

14 Sec. 7. If a creditor requires insurance, upon notice to the
 15 creditor the debtor shall have the option of providing the required
 16 insurance through an existing policy of insurance owned or
 17 controlled by the debtor, or through a policy to be obtained and
 18 paid for by the debtor, but the creditor may for reasonable cause
 19 decline the insurance provided by the debtor.

20 Sec. 8. (a) A creditor may not contract for or receive a
 21 separate charge for insurance in connection with a deferral
 22 (IC 37-2-3-7 or IC 37-2-4-7), a refinancing (IC 37-2-3-8 or
 23 IC 37-2-4-8), or a consolidation (IC 37-2-3-9 or IC 37-2-4-9),
 24 unless:

- 25 (1) the debtor agrees at or before the time of the deferral,
 26 refinancing, or consolidation that the charge may be made;
- 27 (2) the debtor is or is to be provided with insurance for an
 28 amount or a term, or insurance of a kind, in addition to that
 29 to which the debtor would have been entitled had there been
 30 no deferral, refinancing, or consolidation;
- 31 (3) the debtor receives a refund or credit on account of any
 32 unexpired term of existing insurance in the amount that
 33 would be required if the insurance were terminated under
 34 section 6 of this chapter; and
- 35 (4) the charge does not exceed the amount permitted by
 36 section 5 of this chapter.

37 (b) A creditor may not contract for or receive a separate
 38 charge for insurance which duplicates insurance with respect to
 39 which the creditor has previously contracted for or received a
 40 separate charge.

41 Sec. 9. The department and the insurance commissioner are
 42 authorized and directed to consult and assist one another in



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maintaining compliance with this chapter. They may jointly pursue investigations, prosecute suits, and take other official action, as may seem to them appropriate, if either of them is otherwise empowered to take the action. If the department is informed of a violation or suspected violation by an insurer of this chapter, or of the insurance laws, rules, and regulations of Indiana, the department shall advise the insurance commissioner of the circumstances.

Sec. 10. (a) To the extent that the commissioner's responsibility under this chapter requires, the commissioner of insurance shall issue rules with respect to insurers, and with respect to refunds (section 6 of this chapter), forms, schedules of premium rates and charges (section 13 of this chapter), and the commissioner's approval or disapproval thereof and, in case of violation, may make an order for compliance.

(b) IC 4-21.5-3 applies to and governs all agency action taken by the commissioner of insurance pursuant to this section.

Sec. 11. (a) Consumer credit insurance provided by a creditor may be subject to the furnishing of evidence of insurability satisfactory to the insurer. Whether or not such evidence is required, the term of the insurance shall commence no later than when the debtor becomes obligated to the creditor or when the debtor applies for the insurance, whichever is later, except as follows:

(1) if any required evidence of insurability is not furnished until more than thirty (30) days after the term would otherwise commence, the term may commence on the date when the insurer determines the evidence to be satisfactory; or

(2) if the creditor provides insurance not previously provided covering debts previously created, the term may commence on the effective date of the policy.

(b) The originally scheduled term of the insurance shall extend at least until the due date of the last scheduled payment of the debt except as follows:

(1) if the insurance relates to a revolving charge account or revolving loan account, the term need extend only until the payment of the debt under the account and may be sooner terminated after at least thirty (30) days notice to the debtor; or

(2) if the debtor is advised in writing that the insurance will be written for a specified shorter time, the term need extend



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only until the end of the specified time.

(c) The term of the insurance shall not extend more than fifteen (15) days after the originally scheduled due date of the last scheduled payment of the debt unless it is extended without additional cost to the debtor or as an incident to a deferral; refinancing, or consolidation.

Sec. 12. (a) Except as provided in subsection (b):

(1) in the case of consumer credit insurance providing life coverage, the amount of insurance may not initially exceed the debt and, if the debt is payable in installments, may not at any time exceed the greater of the scheduled or actual amount of the debt; or

(2) in the case of any other consumer credit insurance, the total amount of periodic benefits payable may not exceed the total of scheduled unpaid installments of the debt, and the 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

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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.

Sec. 14. (a) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless:

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

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

(3) the term of the insurance is reasonable in relation to the terms of credit.

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

(c) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless the amount financed or principal exclusive of charges for the insurance is three hundred dollars (\$300) or more, and the value of the property is three hundred dollars (\$300) or more.

(d) The amounts of three hundred dollars (\$300) in subsection (c) are subject to change pursuant to the provisions on adjustment of dollar amounts (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 1992.

Sec. 15. If a creditor contracts for or receives a separate charge for insurance against loss of or damage to property, the risk of loss or damage not willfully caused by the debtor is on the debtor only to the extent of any deficiency in the effective coverage



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1 of the insurance, even though the insurance covers only the interest
2 of the creditor.

3 Sec. 16. A creditor may not contract for or receive a separate
4 charge for insurance against liability unless the insurance covers
5 a substantial risk of liability arising out of the ownership or use of
6 property related to the credit transaction.

7 Sec. 17. A creditor shall not request cancellation of a policy of
8 property or liability insurance except after the debtor's default or
9 in accordance with a written authorization by the debtor, and in
10 either case the cancellation does not take effect until written notice
11 is delivered to the debtor or mailed to the debtor at the debtor's
12 address as stated by the debtor. The notice shall state that the
13 policy may be canceled on a date not less than ten (10) days after
14 the notice is delivered, or, if the notice is mailed, not less than
15 thirteen (13) days after it is mailed.

16 Sec. 18. Upon the payment in full of a consumer credit sale or
17 consumer loan, the creditor or creditor's assignee shall promptly
18 make an appropriate refund of the unearned premium for any
19 property insurance with respect to which the creditor or the credit
20 account of the consumer is a beneficiary.

21 Chapter 6. Remedies and Penalties

22 Sec. 0.1. The amendments made to IC 24-4.5-5-203 (before its
23 repeal) by P.L.181-1991 applied to causes of action accruing after
24 June 30, 1991.

25 Sec. 1. Sections 0.1 through 7 of this chapter apply to:

- 26 (1) actions or other proceedings to enforce rights arising
- 27 from consumer credit sales, consumer leases, and consumer
- 28 loans;
- 29 (2) garnishments of the earnings of an individual; and
- 30 (3) extortionate extensions of credit.

31 Sec. 2. (a) This section applies to a consumer credit sale of
32 goods or services.

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

40 (c) If the seller repossesses or voluntarily accepts surrender of
41 goods which were not the subject of the sale but in which the seller
42 has a security interest to secure a debt arising from a sale of goods



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or services or a combined sale of goods and services and the cash price of the sale was four thousand dollars (\$4,000) or less, the buyer is not personally liable to the seller for the unpaid balance of the debt arising from the sale.

(d) For the purpose of determining the unpaid balance of consolidated debts or debts pursuant to revolving charge accounts, the allocation of payments to a debt shall be determined in the same manner as provided for determining the amount of debt secured by various security interests under IC 37-2-3-20.

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

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

(1) the seller may not repossess the collateral; and

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

(g) The amounts of four thousand dollars (\$4,000) in subsections (b) and (c) are subject to change pursuant to the provisions on adjustment of dollar amounts (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 2012.

Sec. 3. Prior to entry of judgment in an action against the debtor, no creditor may attach unpaid earnings of the debtor by garnishment or like proceedings.

Sec. 4. (a) For the purposes of sections 1 through 7 of this chapter:

(1) "disposable earnings" means that part of the earnings of an individual, including wages, commissions, income, rents, or profits remaining after the deduction from those earnings of amounts required by law to be withheld;

(2) "garnishment" means any legal or equitable proceedings through which the earnings of an individual are required to be withheld by a garnishee, by the individual debtor, or by any other person for the payment of a judgment; and

(3) "support withholding" means that part of the earnings that are withheld from an individual for child support in



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1 accordance with the laws of this state.

2 (b) Except as provided in subsection (h), the maximum part of
3 the aggregate disposable earnings of an individual for any
4 workweek which is subjected to garnishment to enforce the
5 payment of one (1) or more judgments against the individual may
6 not exceed the lesser of the following amounts:

7 (1) An amount equal to twenty-five percent (25%) of the
8 individual's disposable earnings for that week or, upon a
9 showing of good cause by the individual why the amount
10 should be reduced, an amount equal to:

11 (A) less than twenty-five percent (25%); and

12 (B) at least ten percent (10%);

13 of the individual's disposable earnings for that week.

14 (2) The amount by which the individual's disposable earnings
15 for that week exceed thirty (30) times the federal minimum
16 hourly wage prescribed by 29 U.S.C. 206(a)(1) in effect at the
17 time the earnings are payable.

18 In the case of earnings for a pay period other than a week, the
19 earnings shall be computed upon a multiple of the federal
20 minimum hourly wage equivalent to thirty (30) times the federal
21 minimum hourly wage as prescribed in this section.

22 (c) The maximum part of the aggregate disposable earnings of
23 an individual for any workweek which is subject to garnishment or
24 support withholding to enforce any order for the support of any
25 person shall not exceed:

26 (1) where such individual is supporting the individual's
27 spouse or dependent child (other than a spouse or child with
28 respect to whose support such order is used), fifty percent
29 (50%) of such individual's disposable earnings for that week;
30 and

31 (2) where such individual is not supporting such a spouse or
32 dependent child described in subdivision (1), sixty percent
33 (60%) of such individual's disposable earnings for that week;

34 except that, with respect to the disposable earnings of any
35 individual for any workweek, the fifty percent (50%) specified in
36 subdivision (1) shall be deemed to be fifty-five percent (55%) and
37 the sixty percent (60%) specified in subdivision (2) shall be deemed
38 to be sixty-five percent (65%), if and to the extent that such
39 earnings are subject to garnishment or support withholding to
40 enforce a support order with respect to a period which is prior to
41 the twelve (12) week period which ends with the beginning of such
42 workweek.



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1 (d) No court may make, execute, or enforce an order or
2 process in violation of this section.

3 (e) An employer who is required to make deductions from an
4 individual's disposable earnings pursuant to a garnishment order
5 or series of orders arising out of the same judgment debt
6 (excluding a judgment for payment of child support) may collect,
7 as a fee to compensate the employer for making these deductions,
8 an amount equal to the greater of twelve dollars (\$12) or three
9 percent (3%) of the total amount required to be deducted by the
10 garnishment order or series of orders arising out of the same
11 judgment debt. If the employer chooses to impose a fee, the fee
12 shall be allocated as follows:

13 (1) One-half (1/2) of the fee shall be borne by the debtor, and
14 that amount may be deducted by the employer directly from
15 the employee's disposable earnings.

16 (2) One-half (1/2) of the fee shall be borne by the creditor,
17 and that amount may be retained by the employer from the
18 amount otherwise due the creditor.

19 The deductions made under this subsection for a collection fee do
20 not increase the amount of the judgment debt for which the fee is
21 collected for the purpose of calculating or collecting judgment
22 interest. This fee may be collected by an employer only once for
23 each garnishment order or series of orders arising out of the same
24 judgment debt. The employer may collect the entire fee from one
25 (1) or more of the initial deductions from the employee's disposable
26 earnings. Alternatively, the employer may collect the fee ratably
27 over the number of pay periods during which deductions from the
28 employee's disposable earnings are required.

29 (f) The deduction of the garnishment collection fee under
30 subsection (e)(1) or subsection (g) is not an assignment of wages
31 under IC 22-2-6.

32 (g) An employer who is required to make a deduction from an
33 individual's disposable earnings in accordance with a judgment for
34 payment of child support may collect a fee of two dollars (\$2) each
35 time the employer is required to make the deduction. The fee may
36 be deducted by the employer from the individual's disposable
37 earnings each time the employer makes the deduction for support.
38 If the employer elects to deduct such a fee, the amount to be
39 deducted for the payment of support must be reduced accordingly
40 if necessary to avoid exceeding the maximum amount permitted to
41 be deducted under subsection (c).

42 (h) A support withholding order takes priority over a



garnishment order irrespective of their dates of entry or activation. If a person is subject to a support withholding order and a garnishment order, the garnishment order shall be honored only to the extent that disposable earnings withheld under the support withholding order do not exceed the maximum amount subject to garnishment as computed under subsection (b).

Sec. 5. No employer shall discharge an employee for the reason that a creditor or creditors of the employee has subjected or attempted to subject unpaid earnings of the employee to garnishment or like proceedings directed to the employer for the purpose of paying a judgment or judgments.

Sec. 6. (a) If it is the understanding of the creditor and the debtor at the time an extension of credit is made that delay in making repayment or failure to make repayment could result in the use of violence or other criminal means to cause harm to the person, reputation, or property of any person, the repayment of the extension of credit is unenforceable through civil judicial processes against the debtor.

(b) If it is shown that an extension of credit was made at an annual rate exceeding forty-five percent (45%) calculated according to the actuarial method and that the creditor then had a reputation for the use or threat of use of violence or other criminal means to cause harm to the person, reputation, or property of any person to collect extensions of credit or to punish the nonrepayment thereof, there is prima facie evidence that the extension of credit was unenforceable under subsection (a).

Sec. 7. (a) With respect to a consumer credit sale, consumer lease, or consumer loan, if the court as a matter of law finds the agreement or any clause of the agreement to have been unconscionable at the time it was made the court may refuse to enforce the agreement, or it may enforce the remainder of the agreement without the unconscionable clause, or it may so limit the application of any unconscionable clause as to avoid any unconscionable result.

(b) If it is claimed or appears to the court that the agreement or any clause thereof may be unconscionable the parties shall be afforded a reasonable opportunity to present evidence as to its setting, purpose, and effect to aid the court in making the determination.

(c) For the purpose of this section, a charge or practice expressly permitted by this article is not in itself unconscionable.

Sec. 8. For purposes of the provisions on civil liability for



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1 violation of disclosure provisions set forth in section 10 of this
 2 chapter and on a debtor's right to rescind certain transactions set
 3 forth in section 11 of this chapter a:

4 (1) consumer credit sale includes a sale that is a first lien
 5 mortgage transaction if the sale is otherwise a consumer
 6 credit sale; and

7 (2) consumer loan includes a loan that is a first lien mortgage
 8 transaction if the loan is otherwise a consumer loan.

9 Sec. 9. (a) If a creditor has violated the provision of this article
 10 applying to limitations on the schedule of payments or loan term
 11 for supervised loans (IC 37-2-4-38), the debtor is not obligated to
 12 pay the loan finance charge, and has a right to recover from the
 13 person violating this article or from an assignee of that person's
 14 rights who undertakes direct collection of payments or
 15 enforcement of rights arising from the debt a penalty in an amount
 16 determined by the court not in excess of three times the amount of
 17 the loan finance charge. No action pursuant to this subsection may
 18 be brought more than one (1) year after the due date of the last
 19 scheduled payment of the agreement with respect to which the
 20 violation occurred.

21 (b) If a creditor has violated the provisions of this article
 22 applying to authority to make consumer loans (IC 37-2-4-23), the
 23 loan is void and the debtor is not obligated to pay either the
 24 principal or loan finance charge. If the debtor has paid any part of
 25 the principal or of the loan finance charge, the debtor has a right
 26 to recover the payment from the person violating this article or
 27 from an assignee of that person's rights who undertakes direct
 28 collection of payments or enforcement of rights arising from the
 29 debt. With respect to violations arising from loans made pursuant
 30 to revolving loan accounts, no action pursuant to this subsection
 31 may be brought more than two (2) years after the violation
 32 occurred. With respect to violations arising from other loans, no
 33 action pursuant to this subsection may be brought more than one
 34 (1) year after the due date of the last scheduled payment of the
 35 agreement pursuant to which the charge was paid.

36 (c) A debtor is not obligated to pay a charge in excess of that
 37 allowed by this article, and if the debtor has paid an excess charge
 38 the debtor has a right to a refund. A refund may be made by
 39 reducing the debtor's obligation by the amount of the excess
 40 charge. If the debtor has paid an amount in excess of the lawful
 41 obligation under the agreement, the debtor may recover the excess
 42 amount from the person who made the excess charge or from an



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1 assignee of that person's rights who undertakes direct collection of
2 payments from or enforcement of rights against debtors arising
3 from the debt.

4 (d) If a debtor is entitled to a refund and a person liable to the
5 debtor refuses to make a refund within a reasonable time after
6 demand, the debtor may recover from that person a penalty in an
7 amount determined by a court not exceeding the greater of either
8 the amount of the credit service or loan finance charge or ten (10)
9 times the amount of the excess charge. If the creditor has made an
10 excess charge in deliberate violation of or in reckless disregard for
11 this article, the penalty may be recovered even though the creditor
12 has refunded the excess charge. No penalty pursuant to this
13 subsection may be recovered if a court has ordered a similar
14 penalty assessed against the same person in a civil action by the
15 department (IC 37-2-7-14). With respect to excess charges arising
16 from sales made pursuant to revolving charge accounts or from
17 loans made pursuant to revolving loan accounts, no action
18 pursuant to this subsection may be brought more than two (2)
19 years after the time the excess charge was made. With respect to
20 excess charges arising from other consumer credit sales or
21 consumer loans, no action pursuant to this subsection may be
22 brought more than one (1) year after the due date of the last
23 scheduled payment of the agreement pursuant to which the charge
24 was made.

25 (e) Except as otherwise provided, no violation of this article
26 impairs rights on a debt.

27 (f) If an employer discharges an employee in violation of the
28 provisions prohibiting discharge (section 5 of this chapter), the
29 employee may within six (6) months bring a civil action for
30 recovery of wages lost as a result of the violation and for an order
31 requiring the reinstatement of the employee. Damages recoverable
32 shall not exceed lost wages for six (6) weeks.

33 (g) If the creditor establishes by a preponderance of evidence
34 that a violation is unintentional or the result of a bona fide error,
35 no liability is imposed under subsections (a), (b), and (d) and the
36 validity of the transaction is not affected.

37 (h) In any case in which it is found that a creditor has violated
38 this article, the court may award reasonable attorney's fees
39 incurred by the debtor.

40 (i) The department may act on behalf of a debtor to enforce
41 the debtor's rights under this section against a creditor who is
42 licensed or registered with the department or is required to be



licensed or registered with the department.

Sec. 10. (a) Except as otherwise provided in this section, a creditor who, in violation of the provisions on disclosure in IC 37-2-3-13 and IC 37-2-4-14, fails to disclose information to a person entitled to the information under this article is liable to that person in an amount equal to the sum of:

(1) the following:

(A) In the case of an individual action, twice the amount of the credit service or loan finance charge in connection with the transaction, but the liability pursuant to this subdivision shall be not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000).

(B) In the case of a class action, an amount the court allows, except that as to each member of the class no minimum recovery is applicable, and the total recovery under this subdivision in any class action or series of class actions arising out of the same failure to comply by the same creditor may not be more than the lesser of:

(i) five hundred thousand dollars (\$500,000); or

(ii) one percent (1%) of the net worth of the creditor.

(2) In the case of a successful action to enforce the liability under subdivision (1), the costs of the action together with reasonable attorney's fees as determined by the court. In determining the amount of the award in a class action, the court shall consider, among other relevant factors, the amount of any award granted under the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.), the frequency and persistence of failures of compliance by the creditor, the resources of the creditor, the number of persons adversely affected, and the extent to which the creditor's failure of compliance was intentional.

(b) A creditor has no liability under this section if within sixty (60) days after discovering an error, and prior to the institution of an action under this section or the receipt of written notice of the error, the creditor notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to assure that the person will not be required to pay a credit service charge or loan finance charge in excess of the amount or percentage rate actually disclosed.

(c) A creditor may not be held liable in any action brought under this section for a violation of this article if the creditor shows



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1 by a preponderance of evidence that the violation was not
 2 intentional and resulted from a bona fide error notwithstanding
 3 the maintenance of procedures reasonably adapted to avoid the
 4 error.

5 (d) If there are multiple obligors in a consumer credit
 6 transaction or consumer lease, there may not be more than one (1)
 7 recovery of damages under subsection (a)(1) for one (1) violation
 8 of this article with respect to that consumer credit transaction or
 9 consumer lease.

10 (e) The multiple failure to disclose to any person any
 11 information required under this article to be disclosed in
 12 connection with a single account under an open end consumer
 13 credit plan, a single consumer credit sale, a consumer loan, a
 14 consumer lease, or another extension of consumer credit entitles
 15 that person to a single recovery under this section. However,
 16 continued failure to disclose after a recovery has been granted
 17 gives rise to rights to additional recoveries.

18 (f) Any action which may be brought under this section against
 19 the original creditor in any credit transaction involving a security
 20 interest in land may be maintained against any subsequent assignee
 21 of the original creditor where the assignee, its subsidiaries, or
 22 affiliates were in a continuing business relationship with the
 23 original creditor either at the time the credit was extended or at the
 24 time of the assignment, unless the assignment was involuntary, or
 25 the assignee shows by a preponderance of evidence that it did not
 26 have reasonable grounds to believe that the original creditor was
 27 engaged in violations of this article, and that it maintained
 28 procedures reasonably adapted to apprise it of the existence of the
 29 violations.

30 (g) No action pursuant to this section may be brought more
 31 than one (1) year after the date of the occurrence of the violations.

32 (h) In this section, creditor includes a person who in the
 33 ordinary course of business regularly extends or arranges for the
 34 extension of credit, or offers to arrange for the extension of credit.

35 Sec. 11. (a) A violation by a creditor of Section 125 of the
 36 Consumer Credit Protection Act concerning the debtor's right to
 37 rescind a transaction that is a consumer credit sale or a consumer
 38 loan constitutes a violation of this article. A creditor may not
 39 accrue interest during the period when a consumer loan may be
 40 rescinded under Section 125 of the Consumer Credit Protection
 41 Act (15 U.S.C. 1635).

42 (b) A creditor must make available for disbursement the



proceeds of a transaction subject to subsection (a) on the later of:

(1) the date the creditor is reasonably satisfied that the consumer has not rescinded the transaction; or

(2) the first business day after the expiration of the rescission period under subsection (a).

Sec. 12. Refunds or penalties to which the debtor is entitled pursuant to sections 8 through 11 of this chapter may be set off against the debtor's obligation, and may be raised as a defense to a suit on the obligation without regard to the time limitations prescribed by sections 8 through 11 of this chapter.

Sec. 13. (a) A lender who knowingly makes charges in excess of those permitted by the provisions of this article commits a Class A misdemeanor.

(b) A person who knowingly engages in the business of making consumer loans without a license in violation of the provisions of this article applying to authority to make consumer loans (IC 37-2-4-23 and IC 37-2-4-24) commits a Class A misdemeanor.

(c) A person who knowingly:

(1) engages in the business of making consumer credit sales, consumer leases, or consumer loans, or of taking assignments 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



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1 mortgage transaction if the sale is otherwise a consumer
2 credit sale; and

3 (2) "consumer loan" includes a loan that is a first lien
4 mortgage transaction if the loan is otherwise a consumer
5 loan.

6 Sec. 2. The division of consumer credit shall have charge of the
7 administration of this article.

8 Sec. 3. (a) In addition to other powers granted by this article,
9 the department within the limitations provided by law may:

10 (1) receive and act on complaints, take action designed to
11 obtain voluntary compliance with this article, or commence
12 proceedings on the department's own initiative;

13 (2) counsel persons and groups on their rights and duties
14 under this article;

15 (3) establish programs for the education of consumers with
16 respect to credit practices and problems;

17 (4) make studies appropriate to effectuate the purposes and
18 policies of this article and make the results available to the
19 public;

20 (5) adopt, amend, and repeal rules, orders, policies, and
21 forms to carry out the provisions of this article;

22 (6) maintain more than one (1) office within Indiana; and

23 (7) appoint any necessary attorneys, hearing examiners,
24 clerks, and other employees and agents and fix their
25 compensation, and authorize attorneys appointed under this
26 section to appear for and represent the department in court.

27 (b) No liability is imposed under this article for an act done or
28 omitted in conformity with a rule, written notice, written opinion,
29 written interpretation, or written directive of the department
30 notwithstanding that after the act or omission the rule, written
31 notice, written opinion, written interpretation, or written directive
32 may be amended or repealed, or be determined by judicial or other
33 authority to be invalid for any reason.

34 Sec. 4. (a) With respect to depository institutions, the powers
35 of examination and investigation (section 5 of this chapter) and
36 administrative enforcement (section 9 of this chapter) shall be
37 exercised by the department. The department may, at its
38 discretion, accept any examination of any financial institution
39 made by a federal authority in lieu of the examination made under
40 the provisions of this article. All other powers of the department
41 under this article may be exercised by the director with respect to
42 a depository institution.



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1 (b) If the department receives a complaint or other
 2 information concerning noncompliance with this article by a
 3 depository institution, the director shall inform the official or
 4 agency having supervisory authority over the organization
 5 concerned. The department may request information about
 6 depository institutions from the officials or agencies supervising
 7 them.

8 (c) The department and any official or agency of this state
 9 having supervisory authority over a depository institution are
 10 authorized and directed to consult and assist one another in
 11 maintaining compliance with this article. They may jointly pursue
 12 investigations, prosecute suits, and take other official action, as
 13 they deem appropriate, if either of them otherwise is empowered
 14 to take the action.

15 Sec. 5. (a) In administering this article and in order to
 16 determine whether the provisions of this article are being complied
 17 with by persons engaging in acts subject to this article, the
 18 department may examine the records of persons and may make
 19 investigations of persons as may be necessary to determine
 20 compliance. Records subject to examination under this section
 21 include the following:

22 (1) Training, operating, and policy manuals.

23 (2) Minutes of:

24 (A) management meetings; and

25 (B) other meetings.

26 (3) Other records that the department determines are
 27 necessary to perform its investigation or examination.

28 The department may also administer oaths or affirmations,
 29 subpoena witnesses, and compel the attendance of witnesses,
 30 including directors, executive officers, managers, principals,
 31 mortgage loan originators, employees, independent contractors,
 32 agents, and customers of the licensee, individual, or person subject
 33 to this article. The department may also adduce evidence, and
 34 require the production of any matter which is relevant to the
 35 investigation. The department shall determine the sufficiency of the
 36 records maintained and whether the person has made the required
 37 information reasonably available. The records pertaining to any
 38 transaction subject to this article shall be retained for two (2) years
 39 after making the final entry relating to the consumer credit
 40 transaction, but in the case of a revolving loan account or revolving
 41 charge account, the two (2) years is measured from the date of each
 42 entry.



1 (b) The department's examination and investigatory authority
2 under this article includes the following:

3 (1) The authority to require a creditor to refund overcharges
4 resulting from the creditor's noncompliance with the terms
5 of consumer credit sales, consumer leases, or consumer
6 loans.

7 (2) The authority to require a creditor to comply with the
8 prepayment penalty provisions set forth in IC 37-2-4-12.

9 (3) The authority to investigate complaints filed with the
10 department by debtors.

11 (c) If the department:

12 (1) investigates; or

13 (2) examines the books and records of;

14 a person that is subject to sections 24 through 26 of this chapter,
15 the person shall pay all reasonably incurred costs of the
16 investigation or examination in accordance with the fee schedule
17 adopted by the department under IC 28-11-3-5. However, the
18 person is liable for the costs of an investigation or examination
19 under this subsection only to the extent that the costs exceed the
20 amount of the filing fees paid most recently under section 26 of this
21 chapter. Any costs required to be paid under this section shall be
22 paid not later than sixty (60) days after the person receives a notice
23 from the department of the costs being assessed. The department
24 may impose a fee, in an amount fixed by the department under
25 IC 28-11-3-5, for each day that the assessed costs are not paid,
26 beginning on the first day after the sixty (60) day period described
27 in this subsection.

28 (d) The department shall be given free access to the records
29 wherever located. In making any examination or investigation
30 authorized by this article, the director may control access to any
31 documents and records of the licensee or person under
32 examination or investigation. The director may take possession of
33 the documents and records or place a person in exclusive charge of
34 the documents and records in the place where the documents are
35 usually kept. During the period of control, the licensee or person
36 may not remove or attempt to remove any of the documents and
37 records except under a court order or with the consent of the
38 director. Unless the director has reasonable grounds to believe the
39 documents or records of the licensee or person have been, or are,
40 at risk of being altered or destroyed for purposes of concealing a
41 violation of this article, the licensee or person being examined or
42 investigated is entitled to access to the documents or records as



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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.

The department has all investigatory and enforcement authority under this article that the department has under IC 28-11 with respect to financial institutions. If the department conducts an investigation under this section, the licensee, registrant, or other person investigated shall pay all reasonably incurred costs of the investigation in accordance with the fee schedule adopted under IC 28-11-3-5. Any costs required to be paid under this section shall be paid not later than sixty (60) days after the person receives a notice from the department of the costs being assessed. The department may impose a fee, in an amount fixed by the department under 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.

(h) If a creditor contracts with an outside vendor to provide a 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



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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 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. 6. To carry out the purposes of this chapter, 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 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, 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



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1 (B) enforce;
 2 all state law concerning a small loan regulated under
 3 IC 37-3.

4 Sec. 7. Except as otherwise provided, IC 4-21.5-3 governs all
 5 agency action taken by the department under this chapter or
 6 IC 37-2-4-22 through IC 37-2-4-39. All proceedings for
 7 administrative review under IC 4-21.5-3 or judicial review under
 8 IC 4-21.5-5 shall be held in Marion County. The provisions of
 9 IC 4-22-2 prescribing procedures for the adoption of rules by
 10 agencies apply to the adoption of rules by the department of
 11 financial institutions under this article.

12 Sec. 8. It is a violation of this article for a person or individual
 13 subject to this article to:

- 14 (1) directly or indirectly employ any scheme, device, or
 15 artifice to defraud or mislead borrowers or lenders or to
 16 defraud any person;
- 17 (2) engage in any unfair or deceptive practice toward any
 18 person;
- 19 (3) obtain property by fraud or misrepresentation;
- 20 (4) solicit or enter into a contract with a borrower that
 21 provides in substance that the person or individual subject to
 22 this article may earn a fee or commission through "best
 23 efforts" to obtain a loan even though no loan is actually
 24 obtained for the borrower;
- 25 (5) solicit, advertise, or enter into a contract for specific
 26 interest rates, points, or other financing terms unless the
 27 terms are actually available at the time of soliciting,
 28 advertising, or contracting;
- 29 (6) conduct any business covered by this article without
 30 holding a valid license as required under this article, or assist
 31 or aid and abet any person in the conduct of business under
 32 this article without a valid license as required under this
 33 article;
- 34 (7) fail to make disclosures as required by this article and
 35 any other applicable state or federal law, including
 36 regulations under that law;
- 37 (8) fail to comply with this article or rules adopted under this
 38 article, or fail to comply with any other state or federal law,
 39 rule, or regulation, applicable to any business authorized or
 40 conducted under this article;
- 41 (9) make, in any manner, any false or deceptive statement or
 42 representation, including, with regard to the rates, points, or



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other financing terms or conditions for a mortgage transaction, or engage in bait and switch advertising;

(10) negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the NMLSR or in connection with any investigation conducted by the director or another governmental agency;

(11) make any payment, threat, or promise, directly or indirectly, to any person for the purposes of influencing the independent judgment of the person in connection with a mortgage transaction, or make any payment, threat, or 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. 9. (a) After notice and an opportunity to be heard, 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. A respondent aggrieved by an order of the department may obtain judicial review of the order and the department may obtain an order of the court for enforcement of its order in any civil court. The proceeding for review or enforcement is initiated by filing a petition in the court. Copies of the petition shall be served upon all parties of record.

(b) Within thirty (30) days after service of the petition for review upon the department, or within any further time 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 is based, including any transcript of testimony, which need not be

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1 printed. By stipulation of all parties to the review proceeding, the
2 record may be shortened. After hearing the court may:

3 (1) reverse or modify the order if the findings of fact of the
4 department are clearly erroneous in view of the reliable,
5 probative, and substantial evidence on the whole record;

6 (2) grant any temporary relief or restraining order it deems
7 just; and

8 (3) enter an order enforcing, modifying, and enforcing as
9 modified, or setting aside in whole or in part the order of the
10 department, or remanding the case to the department for
11 further proceedings.

12 (c) An objection not urged at the hearing shall not be
13 considered by the court unless the failure to urge the objection is
14 excused for good cause shown. A party may move the court to
15 remand the case to the department in the interest of justice for the
16 purpose of adducing additional specified and material evidence and
17 seeking finding thereon upon good cause shown for the failure to
18 adduce this evidence before the department.

19 (d) The jurisdiction of the court shall be exclusive and its final
20 judgment or decree shall be subject to review by the court on
21 appeal in the same manner and form and with the same effect as in
22 appeals from a final judgment or decree. The department's copy of
23 the testimony shall be available at reasonable times to all parties
24 for examination without cost.

25 (e) A proceeding for review under this section must be
26 initiated within thirty (30) days after a copy of the order of the
27 department is received. If no proceeding is so initiated, the
28 department may obtain a decree of the civil court for enforcement
29 of its order upon a showing that an order was issued in compliance
30 with this section, that no proceeding for review was initiated within
31 thirty (30) days after copy of the order was received, and that the
32 respondent is subject to the jurisdiction of the court.

33 (f) With respect to unconscionable agreements or fraudulent
34 or unconscionable conduct by the respondent, the department may
35 not issue an order pursuant to this section but may bring a civil
36 action for an injunction under section 12 of this chapter.

37 Sec. 10. If it is claimed that a person has engaged in conduct
38 subject to an order by the department under section 9 of this
39 chapter or by a court under sections 11 through 13 of this chapter,
40 the department may accept an assurance in writing that the person
41 will not engage in the conduct in the future. If a person giving an
42 assurance of discontinuance fails to comply with its terms, the

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1 assurance is evidence that prior to the assurance the person
2 engaged in the conduct described in the assurance.

3 Sec. 11. The department may bring a civil action to restrain a
4 person from violating this article or another state or federal law or
5 regulation, and for other appropriate relief.

6 Sec. 12. (a) The department may bring a civil action to restrain
7 a creditor or a person acting in behalf of a creditor from engaging
8 in a course of:

9 (1) making or enforcing unconscionable terms or provisions
10 of consumer credit sales, consumer leases, or consumer
11 loans;

12 (2) fraudulent or unconscionable conduct in inducing debtors
13 to enter into consumer credit sales, consumer leases, or
14 consumer loans; or

15 (3) fraudulent or unconscionable conduct in the collection of
16 debts arising from consumer credit sales, consumer leases, or
17 consumer loans.

18 (b) In an action brought pursuant to this section the court may
19 grant relief only if it finds:

20 (1) that the respondent has made unconscionable agreements
21 or has engaged or is likely to engage in a course of fraudulent
22 or unconscionable conduct;

23 (2) that the agreements or conduct of the respondent has
24 caused or is likely to cause injury to consumers; and

25 (3) that the respondent has been able to cause or will be able
26 to cause the injury primarily because the transactions
27 involved are credit transactions.

28 (c) In applying this section, consideration shall be given to each
29 of the following factors, among others:

30 (1) belief by the creditor at the time consumer credit sales,
31 consumer leases, or consumer loans are made that there was
32 no reasonable probability of payment in full of the obligation
33 by the debtor;

34 (2) in the case of consumer credit sales or consumer leases,
35 knowledge by the seller or lessor at the time of the sale or
36 lease of the inability of the buyer or lessee to receive
37 substantial benefits from the property or services sold or
38 leased;

39 (3) in the case of consumer credit sales or consumer leases,
40 gross disparity between the price of the property or services
41 sold or leased and the value of the property or services
42 measured by the price at which similar property or services

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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 in reckless disregard for this article, or if a creditor has refused to refund an excess charge within a reasonable time after demand by the debtor or the department, the court may also order the respondent to pay to the debtor or debtors a civil penalty in an amount determined by the court not in excess of the greater of either the amount of the credit service or loan finance charge or ten (10) times the amount of the charge. Refunds and penalties to which the debtor is entitled pursuant to this subsection may be set off against the debtor's obligation. If a debtor brings an action against a creditor to recover an excess charge or civil penalty, an action by the department to recover for the same excess charge or



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1 civil penalty shall be stayed while the debtor's action is pending
 2 and shall be dismissed if the debtor's action is dismissed with
 3 prejudice or results in a final judgment granting or denying the
 4 debtor's claim. With respect to excess charges arising from sales
 5 made pursuant to revolving charge accounts or from loans made
 6 pursuant to revolving loan accounts, no action pursuant to this
 7 subsection may be brought more than two (2) years after the time
 8 the excess charge was made. With respect to excess charges arising
 9 from other consumer credit sales or consumer loans, no action
 10 pursuant to this subsection may be brought more than one (1) year
 11 after the due date of the last scheduled payment of the agreement
 12 pursuant to which the charge was made. If the creditor establishes
 13 by a preponderance of evidence that a violation is unintentional or
 14 the result of a bona fide error, no liability to pay a penalty shall be
 15 imposed under this subsection.

16 (b) The department may bring a civil action against a creditor
 17 or a person acting in the creditor's behalf to recover a civil penalty
 18 for willfully violating this article, and if the court finds that the
 19 defendant has engaged in a course of repeated and willful
 20 violations of this article, it may assess a civil penalty of no more
 21 than five thousand dollars (\$5,000). No civil penalty pursuant to
 22 this subsection may be imposed for violations of this article
 23 occurring more than two (2) years before the action is brought or
 24 for making unconscionable agreements or engaging in a course of
 25 fraudulent or unconscionable conduct.

26 (c) If the department determines, after notice and opportunity
 27 for the person to be heard, that a person has violated this article,
 28 the department may, in addition to or instead of all other remedies
 29 available under this section, impose upon the person a civil penalty
 30 not greater than ten thousand dollars (\$10,000) per violation.

31 Sec. 15. The grant of powers to the department in this article
 32 does not affect remedies available to debtors under this article or
 33 under other principles of law or equity.

34 Sec. 16. The department may bring actions or proceedings in
 35 a court in a county in which an act on which the action or
 36 proceeding is based occurred or in a county in which respondent
 37 resides or transacts business or in a county otherwise authorized
 38 by rule or venue laws.

39 Sec. 17. (a) Subject to subsection (b), if the director determines
 40 that a director, an officer, or a manager of a creditor:

41 (1) has committed a violation of a statute, a rule, a final cease
 42 and desist order, a condition imposed in writing by the

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1 director in connection with the grant of an application or
 2 other request by the creditor, or a written agreement
 3 between the creditor and the director or the department;

4 (2) has committed fraudulent or unconscionable conduct; or
 5 (3) has been convicted of a felony under the laws of Indiana
 6 or any other jurisdiction;

7 the director may issue and serve upon the person a notice of
 8 charges and of the director's intent to issue an order removing the
 9 person from the person's office or employment, an order
 10 prohibiting participation by the person in the conduct of the affairs
 11 of any creditor, or an order both removing the person and
 12 prohibiting the person's participation.

13 (b) A violation, practice, or breach described in subsection (a)
 14 is subject to the authority of the director under subsections (a) and
 15 (c) if the director finds any of the following:

16 (1) The interests of the creditor's customers could be
 17 seriously prejudiced by reason of the violation, practice, or
 18 breach.

19 (2) The violation, practice, or breach involves an act of
 20 fraud, dishonesty, theft, breach of trust, money laundering,
 21 or wrongful taking of property on the part of the officer,
 22 director, or manager involved.

23 (3) The violation, practice, or breach demonstrates a willful
 24 or continuing disregard by the officer, director, or manager
 25 for state or federal law and regulations, and for the
 26 consumer protections contained in this article.

27 (c) Subject to subsections (a) and (b), a person who has been
 28 convicted of a felony under the laws of Indiana or any other
 29 jurisdiction may not serve as an officer, a director, or a manager
 30 of a creditor, or serve in any similar capacity, unless the person
 31 obtains the written consent of the director.

32 (d) A creditor that willfully permits a person to serve the
 33 creditor in violation of subsection (c) is subject to a civil penalty of
 34 five hundred dollars (\$500) for each day the violation occurs.

35 (e) A creditor shall give the department written notice of the
 36 resignation, discharge, or termination of an employee, independent
 37 contractor, or agent against whom allegations were made that
 38 accused the employee, independent contractor, or agent of:

39 (1) violating this article or other laws, regulations, rules, or
 40 industry standards of conduct applicable to consumer credit
 41 transactions; or

42 (2) fraud, dishonesty, theft, breach of trust, money



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launders, or the wrongful taking of property.
 The creditor shall provide the department the notice required under this subsection not later than thirty (30) days after the effective date of the resignation, discharge, or termination.

Sec. 18. (a) A notice issued under section 17 of this chapter must:

- (1) be in writing;
 - (2) contain a statement of:
 - (A) the facts constituting the alleged violation, practice, or breach;
 - (B) the facts alleged in support of the violation, practice, or breach; and
 - (C) the director's intention to issue an order under section 20(a) of this chapter;
 - (3) be delivered to the board of directors of the creditor;
 - (4) be delivered to the officer, director, or manager to which the notice applies;
 - (5) specify the procedures that must be followed to initiate a hearing to contest the alleged violation, practice, or breach; and
 - (6) if the director suspends or prohibits the officer, director, or manager from participation in the affairs of the creditor as described under subsection (e), contain a statement of the suspension or prohibition.
- (b) If a hearing is requested not later than ten (10) days after service of the notice described under subsection (a), the department shall hold a hearing concerning the alleged violation, practice, or breach. The hearing shall be held not later than forty-five (45) days after receipt of the request. The department, based on the evidence presented at the hearing, shall enter a final order in accordance with section 20 of this chapter.
- (c) If no hearing is requested within the period of time specified in subsection (b), the director may proceed to issue a final order under section 20 of this chapter on the basis of the facts set forth in the notice described under subsection (a).
- (d) An officer, a director, or a manager of a creditor who is removed from a position under a removal order under section 20 of this chapter that has become final may not, without the approval of the director, participate in the conduct of the affairs of a licensee described under IC 37-2-4.
- (e) The director may, for the protection of the creditor or the interests of the creditor's customers, suspend from office or



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1 prohibit from participation in the affairs of the creditor an officer,
 2 a director, or a manager of a creditor who is the subject of a
 3 written notice served by the director under section 17(a) of this
 4 chapter. A suspension or prohibition under this subsection becomes
 5 effective upon service of the notice under section 17(a) of this
 6 chapter. Unless stayed by a court in a proceeding authorized by
 7 subsection (f), the suspension or prohibition remains in effect
 8 pending completion of the proceedings related to the notice served
 9 under section 17(a) of this chapter and until the effective date of an
 10 order entered by the department under subsection (b) or the
 11 director under subsection (c). If the director suspends or prohibits
 12 participation of an officer, a director, or a manager under this
 13 subsection, copies of the notice shall also be served upon the
 14 creditor or affiliate of which the person is an officer, a director, or
 15 a manager.

16 (f) Not more than fifteen (15) days after an officer, a director,
 17 or a manager has been suspended from office or prohibited from
 18 participation in the conduct of the affairs of the creditor or affiliate
 19 under subsection (e), the officer, director, or manager may apply
 20 to a court having jurisdiction for a stay of the suspension or
 21 prohibition pending completion of the proceedings related to the
 22 notice served under section 17(a) of this chapter. The court may
 23 stay a suspension of prohibition of the officer, director, or
 24 manager.

25 (g) The department shall maintain an official record of a
 26 proceeding under this chapter.

27 Sec. 19. If the director enters into a consent to a final order
 28 with a director, an officer, or a manager, the director is not
 29 required to issue and serve a notice of charges upon the director,
 30 officer, or manager under section 17 of this chapter. A consent
 31 agreement may be negotiated and entered into before or after the
 32 issuance of a notice of charges. The director shall provide a copy
 33 of the consent order to the board of directors of the creditor.

34 Sec. 20. (a) Subject to section 18 of this chapter, if, after a
 35 hearing described in section 18(b) of this chapter, the department
 36 determines that a director, an officer, or a manager of a creditor
 37 has committed an act described in section 17 of this chapter, the
 38 department may issue a final order. If a hearing is not requested
 39 within the time specified in section 18(b) of this chapter, the
 40 director may issue a final order on the basis of the facts set forth
 41 in the written notice served under section 18(a) of this chapter.

42 (b) Unless the director has entered into a consent agreement



described in section 19 of this chapter, a final order must include separately stated findings of fact and conclusions of law for all aspects of the order.

(c) In a final order under this section, the department or the director, as appropriate, may order one (1) or more of the following with respect to an officer, a director, or a manager of a creditor:

(1) The removal of the officer, director, or manager from the person's office, position, or employment.

(2) A prohibition against any participation by the officer, director, or manager in the conduct of the affairs of any creditor.

(3) If the subject of the order is an officer or a director of a creditor, and subject to section 22 of this chapter, the imposition of a civil penalty not to exceed fifteen thousand dollars (\$15,000) for each practice, violation, or act that:

(A) is described in section 17 of this chapter; and

(B) is found to exist by the department or the director.

(d) A final order shall be issued in writing not later than ninety (90) days after conclusion of a hearing held under section 18(b) of this chapter, unless this period is waived or extended with the written consent of all parties or for good cause shown.

(e) If the officer, director, or manager does not appear individually or by an authorized representative at a hearing held under section 18(b) of this chapter, the officer, director, or manager is considered to have consented to the issuance of a final order.

(f) The director may keep a final order confidential if the director determines that the immediate release of the order would endanger the stability of the creditor. However, after two (2) years following the date that an order is issued, a final order is no longer 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.



1 **Sec. 22. (a) The director or the department, as appropriate,**
 2 **shall consider the following factors in determining the amount of**
 3 **a civil penalty that should be assessed against a director or an**
 4 **officer under section 20(c)(3) of this chapter:**

5 **(1) The appropriateness of the civil penalty with respect to**
 6 **the financial resources and good faith of the individual**
 7 **charged.**

8 **(2) The gravity of the practice, violation, or breach.**

9 **(3) The history of previous practices, violations, or breaches.**

10 **(4) The economic benefit derived by the individual from the**
 11 **practice, violation, or breach.**

12 **(5) Other factors that justice requires.**

13 **(b) A creditor may not indemnify a director or an officer for**
 14 **a civil penalty imposed against the director or officer under this**
 15 **section.**

16 **(c) Civil penalties shall be deposited in the financial**
 17 **institutions fund established by IC 28-11-2-9.**

18 **Sec. 23. The director may enforce any of the following by**
 19 **applying for appropriate relief to a court having jurisdiction:**

20 **(1) An order issued under section 19 or 20 of this chapter.**

21 **(2) A written agreement entered into by the director or the**
 22 **department and a director, an officer, or a manager of a**
 23 **creditor.**

24 **(3) Any condition imposed in writing by the director or the**
 25 **department on a director, an officer, or a manager of a**
 26 **creditor.**

27 **Sec. 24. (a) This section and sections 25 and 26 of this chapter**
 28 **apply to a person, including a depository institution, but not**
 29 **including a collection agency licensed under IC 25-11-1, engaged**
 30 **in Indiana in any of the following:**

31 **(1) Making consumer credit sales, consumer leases, or**
 32 **consumer loans.**

33 **(2) Taking assignments of rights against debtors that arise**
 34 **from sales, leases, or loans by a person having an office or a**
 35 **place of business in Indiana.**

36 **(3) Undertaking direct collection of payments from the**
 37 **debtors or enforcement of rights against the debtors.**

38 **(4) Placing consumer credit insurance, receiving**
 39 **commissions for consumer credit insurance, or acting as a**
 40 **limited line credit insurance producer in the sale of**
 41 **consumer credit insurance.**

42 **(5) Selling insurance or other benefits, the charges for which**



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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.

(c) Persons subject to sections 24 and 26 of this chapter and this section shall notify the department not later than thirty (30) days after the person:

- (1) has a change in name, address, or principals;
- (2) opens a new branch, closes an existing branch, or relocates an existing branch;
- (3) files for bankruptcy or reorganization;
- (4) is notified that the person is subject to revocation or suspension proceedings by a state or governmental authority



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with regard to the person's activities; or
 (5) has been convicted of a felony involving fraud, deceit, or
 misrepresentation under the laws of Indiana or any other
 jurisdiction.

Sec. 26. (a) Persons required to file notification who are sellers,
 lessors, or lenders shall pay a fee in an amount and at intervals to
 be prescribed by the director under IC 28-11-3-5. The fee shall be
 a set amount for each one hundred thousand dollars (\$100,000), or
 part thereof, in excess of one hundred thousand dollars (\$100,000),
 of the original unpaid balances arising from consumer credit sales,
 consumer leases, and consumer loans made in Indiana and held
 either by the seller, lessor, or lender for more than thirty (30) days
 after the inception of the sale, lease, or loan giving rise to the
 obligations, or by an assignee who has not filed notification. A
 refinancing of a sale, lease, or loan resulting in an increase in the
 amount of an obligation is a new sale, lease, or loan to the extent of
 the increase. In prescribing the fee, the department shall consider
 the costs and expense incurred or estimated to be incurred by the
 department in the administration of this article, including, but not
 limited to, the supervision, regulation, and examination of persons
 subject to the provisions of the article.

(b) Persons required to file notification who are assignees shall
 pay a fee as prescribed and fixed by the department under
 subsection (a) on the unpaid balances at the time of the assignment
 of obligations arising from consumer credit sales, consumer leases,
 and consumer loans made in Indiana taken by assignment during
 the preceding calendar year, but an assignee need not pay a fee
 with respect to an obligation on which the assignor or other person
 has already paid a fee.

(c) Persons required to file notification who are assignors shall
 pay a fee as prescribed by the department under subsection (a) on
 the unpaid balances at the time of the assignment of obligations
 arising from consumer credit sales, consumer leases, and consumer
 loans made in Indiana during the preceding calendar year unless
 the assignee has already paid the fees.

(d) Persons required to renew a license under IC 37-2-4-31
 may deduct the fees paid under IC 37-2-4-26(h)(2) and
 IC 37-2-4-26(h)(3), as applicable, from fees paid under this section.

(e) A person that is required to file notification under section
 25 of this chapter shall pay a fee at the same rate as prescribed and
 fixed by the department under subsection (a) on the original
 unpaid balances of all closed end credit obligations originating



from the person's place of business during the time preceding the notification as specified under subsection (a), unless the fees for the obligations have been paid by another person.

Sec. 27. IC 37-2-4-23 and sections 24 through 26 of this chapter are not applicable to services performed by attorneys.

ARTICLE 3. SMALL LOANS

Chapter 1. General Provisions

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.

Sec. 1. (a) Except as otherwise provided, all provisions of IC 37-2 applying to consumer loans, including IC 37-2-4-25, apply to small loans.

(b) Subject to section 4 of this chapter, a person may not regularly engage in Indiana in any of the following actions unless the department first issues to the person a license under this article:

- (1) The making of small loans.
- (2) Taking assignments of small loans.
- (3) Undertaking the direct collection of payments from or the enforcement of rights against debtors arising from small loans.

(c) Subject to section 4 of this chapter, a person that seeks licensure under this article:

- (1) shall apply to the department for a license in the form and 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;



1 must obtain a separate license from the department for each type
2 of loan, as described in IC 37-2-4-23(e).

3 Sec. 2. This article applies to:

4 (1) a lender;

5 (2) a bank, savings association, credit union, or other state or
6 federally regulated financial institution except those that are
7 specifically exempt regarding limitations on interest rates
8 and fees; or

9 (3) a person, if the department determines that a transaction
10 is:

11 (A) in substance a disguised loan; or

12 (B) the application of subterfuge for the purpose of
13 avoiding this chapter.

14 Sec. 3. A loan that:

15 (1) does not qualify as a small loan under IC 37-3-2-10;

16 (2) is for a term shorter than that specified in IC 37-3-3-5(a);
17 or

18 (3) is made in violation of section IC 37-3-3-2, IC 37-3-3-5,
19 IC 37-3-3-6, IC 37-3-3-8, or IC 37-3-3-12;

20 is subject to this article. The department may conform the loan
21 finance charge for a loan described in this section to the limitations
22 set forth in IC 37-2-4-35(b).

23 Sec. 4. Notwithstanding IC 37-2-2, for purposes of section 1(b)
24 of this chapter, a person "regularly engages" in any of the
25 activities described in section 1(b) of this chapter with respect to a
26 small loan if the person:

27 (1) performed any of the activities described in section 1(b)
28 of this chapter with respect to a small loan at least one (1)
29 time in the preceding calendar year; or

30 (2) performs or will perform any of the activities described
31 in section 1(b) of this chapter with respect to a small loan at
32 least one (1) time in the current calendar year if the person
33 did not perform any of the activities described in section 1(b)
34 of this chapter with respect to a small loan at least one (1)
35 time in the preceding calendar year.

36 Chapter 2. Definitions

37 Sec. 1. Except as otherwise provided, the definitions set forth
38 in IC 37-2-2 apply throughout this article.

39 Sec. 2. The definitions set forth in this chapter apply
40 throughout this article.

41 Sec. 3. "Check" has the meaning set forth in IC 26-1-3.1-104.

42 Sec. 4. "Consecutive small loan" means a new small loan



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1 agreement that the lender enters with the same borrower not later
 2 than seven (7) calendar days after a previous small loan made to
 3 that borrower is paid in full.

4 Sec. 5. "Lender" means a person that acquires and retains a
 5 license issued by the department of financial institutions under this
 6 chapter to engage in small loans.

7 Sec. 6. "Monthly gross income" means the income received by
 8 the borrower in the thirty (30) day period preceding the
 9 borrower's application for a small loan under this chapter and
 10 exclusive of any income other than regular gross pay received, or
 11 as otherwise determined by the department.

12 Sec. 7. "Paid in full" means the termination of a small loan
 13 through:

- 14 (1) the presentment of the borrower's check for payment by
- 15 the drawee bank or the exercise by the lender of an
- 16 authorization to debit an account of the borrower; or
- 17 (2) the return of a check to a borrower who redeems it for
- 18 consideration.

19 Sec. 8. "Principal" means the total of:

- 20 (1) the net amount paid to, receivable by, or paid or payable
- 21 from the account of the borrower; and
- 22 (2) to the extent that the payment is deferred, the additional
- 23 charges permitted by this chapter that are not included in
- 24 subdivision (1).

25 Sec. 9. "Renewal" refers to a small loan that takes the place of
 26 an existing small loan by:

- 27 (1) renewing;
- 28 (2) repaying;
- 29 (3) refinancing; or
- 30 (4) consolidating;

31 a small loan with the proceeds of another small loan made to the
 32 same borrower by a lender.

33 Sec. 10. (a) "Small loan" means a loan:

- 34 (1) with a principal loan amount that is at least fifty dollars
- 35 (\$50) and not more than five hundred fifty dollars (\$550);
- 36 and
- 37 (2) in which the lender holds the borrower's check for a
- 38 specific period, or receives the borrower's written
- 39 authorization to debit the borrower's account (other than as
- 40 a result of default) under an agreement, either express or
- 41 implied, for a specific period, before the lender:

- 42 (A) offers the check for deposit or presentment; or



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1 (B) exercises the authorization to debit the borrower's
2 account.

3 (b) The amount of five hundred fifty dollars (\$550) in
4 subsection (a)(1) is subject to change under the provisions on
5 adjustment of dollar amounts set forth in IC 37-2-1-5. However,
6 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be
7 used under this subsection is the Index for October 2006.

8 Chapter 3. Regulation of Small Loans

9 Sec. 1. A lender is not considered a financial institution, except
10 for purposes of IC 28-1.

11 Sec. 2. (a) Finance charges on the first two hundred fifty
12 dollars (\$250) of a small loan are limited to fifteen percent (15%)
13 of the principal.

14 (b) Finance charges on the amount of a small loan greater than
15 two hundred fifty dollars (\$250) and less than or equal to four
16 hundred dollars (\$400) are limited to thirteen percent (13%) of the
17 amount over two hundred fifty dollars (\$250) and less than or
18 equal to four hundred dollars (\$400).

19 (c) Finance charges on the amount of the small loan greater
20 than four hundred dollars (\$400) and less than or equal to five
21 hundred fifty dollars (\$550) are limited to ten percent (10%) of the
22 amount over four hundred dollars (\$400) and less than or equal to
23 five hundred fifty dollars (\$550).

24 (d) The amount of five hundred fifty dollars (\$550) in
25 subsection (c) is subject to change under the provisions on
26 adjustment of dollar amounts set forth in IC 37-2-1-5. However,
27 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be
28 used under this subsection is the Index for October 2006.

29 Sec. 3. (a) Notwithstanding any other law, the only fee that
30 may be contracted for and received by the lender or an assignee on
31 a small loan is a charge, not to exceed twenty-five dollars (\$25), for
32 each:

33 (1) return by a bank or other depository institution of a
34 dishonored:

- 35 (A) check;
- 36 (B) electronic funds transfer;
- 37 (C) negotiable order of withdrawal; or
- 38 (D) share draft;

39 issued by the borrower; or

40 (2) time an authorization to debit the borrower's account is
41 dishonored.

42 This additional charge may be assessed one (1) time regardless of



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1 how many times a check or an authorization to debit the
 2 borrower's account may be submitted by the lender and
 3 dishonored.

4 (b) A lender may:

5 (1) present a borrower's check for payment; or

6 (2) exercise a borrower's authorization to debit the
 7 borrower's account;

8 not more than three (3) times.

9 Sec. 4. (a) For purposes of this section, the lender shall disclose
 10 to the borrower to whom credit is extended with respect to a small
 11 loan the information required by the Consumer Credit Protection
 12 Act (15 U.S.C. 1601 et seq.).

13 (b) In addition to the requirements of subsection (a), the lender
 14 must conspicuously display in bold type a notice to the public both
 15 in the lending area of each business location and in the loan
 16 documents the following statement:

17 "WARNING: A small loan is not intended to meet long term
 18 financial needs. A small loan should be used only to meet
 19 short term cash needs. The cost of your small loan may be
 20 higher than loans offered by other lending institutions. Small
 21 loans are regulated by the State of Indiana Department of
 22 Financial Institutions.

23 A borrower may rescind a small loan without cost by paying
 24 the cash amount of the principal of the small loan to the
 25 lender not later than the end of the business day immediately
 26 following the day on which the borrower receives the loan
 27 proceeds."

28 (c) The statement required in subsection (b) must be in:

29 (1) 14 point bold face type in the loan documents; and

30 (2) not less than one (1) inch bold print in the lending area of
 31 the business location.

32 (d) When a borrower enters into a small loan, the lender shall
 33 provide the borrower with a pamphlet approved by the
 34 department that describes:

35 (1) the availability of debt management and credit counseling
 36 services; and

37 (2) the borrower's rights and responsibilities in the
 38 transaction.

39 Sec. 5. (a) A small loan may not be made for a term of less than
 40 fourteen (14) days.

41 (b) If five (5) consecutive small loans have been made to a
 42 borrower after the borrower's initial small loan, another small



loan may not be made to that borrower within seven (7) days after the fifth consecutive small loan is paid in full. After the borrower's fifth consecutive small loan, the balance must be paid in full.

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

(1) the third consecutive small loan; and

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

under an extended payment plan. At the time of execution of a small loan described in subdivision (1) or (2), the lender shall disclose to the borrower the extended payment plan option by providing the borrower a written description of the extended payment plan option in a separate disclosure document approved by the director.

(d) A lender shall offer an extended payment plan under subsection (c) under the following terms and conditions:

(1) A borrower shall be permitted to request an extended payment plan at any time during the term of a third or subsequent consecutive small loan if:

(A) the borrower has not defaulted on the outstanding small loan; and

(B) the rescission period under section 6(f) of this chapter has expired.

(2) An extended payment plan must allow the outstanding small loan to be paid in at least four (4) equal installments over a period of not less than sixty (60) days.

(3) An agreement for an extended payment plan may not require a borrower to pay any amount before the original maturity date of the outstanding small loan.

(4) The lender may not assess any fee or charge on a borrower for entering into an extended payment plan.

(5) An agreement for an extended payment plan must be in writing and acknowledged by both the borrower and the lender.

(6) A borrower may not enter into another small loan transaction while engaged in an extended payment plan.

(7) A lender shall not:

(A) compel, advise, solicit, or coerce a borrower to not exercise the borrower's right to request an extended payment plan;

(B) discourage a borrower from exercising the

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borrower's right to request an extended payment plan;
or
(C) take any other action to influence a borrower's right
to request an extended payment plan.

(e) An agreement for an extended payment plan under
subsection (c):

- (1) shall be considered an extension of the outstanding small
loan; and
- (2) may not be considered a new loan.

Sec. 6. (a) A lender is prohibited from making a small loan to
a borrower if the total of:

- (1) the principal amount and finance charges of the small
loan to be issued; plus
- (2) any other small loan balances that the borrower has
outstanding with any lender;

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

(b) A small loan may be secured by only one (1) check or
authorization to debit the borrower's account per small loan. The
check or electronic debit may not exceed the amount advanced to
or on behalf of the borrower plus loan finance charges contracted
for and permitted.

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

(d) After any payment is made on a small loan, whether the
payment is made in part or in full before, on, or after the due date
of the small loan, the lender shall give a signed and dated receipt
to the borrower making a payment showing the amount paid and
the balance due on the small loan.

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

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

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

Sec. 7. A small loan may not be secured by personal property
other than a check or electronic debit.

Sec. 8. (a) As used in this section, "commercially reasonable



method of verification" means a private consumer credit reporting service that the department determines to be capable of providing a lender with adequate verification information necessary to ensure compliance with subsection (d).

(b) With respect to a small loan, no lender may permit a person to become obligated under more than one (1) loan agreement with the lender at any time.

(c) A lender shall not make a small loan that, when combined with the outstanding balance on another outstanding small loan owed to another lender, exceeds a total of five hundred fifty dollars (\$550), excluding finance charges. A lender shall not make a small loan to a borrower who has two (2) or more small loans outstanding, regardless of the total value of the small loans. The amount of five hundred fifty dollars (\$550) in this subsection is subject to change under the provisions on adjustment of dollar amounts (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.

(d) A lender complies with subsection (c) if the lender independently verifies the total number of outstanding small loans and the total outstanding balance of those small loans for a customer through a commercially reasonable method of verification. A lender's method of verifying whether a borrower has any outstanding small loans and the total outstanding balance of any loans will be considered commercially reasonable if the method includes a manual investigation or an electronic query of:

(1) the lender's own records, including both records maintained at the location where the borrower is applying for the transaction and records maintained at other locations within the state that are owned and operated by the lender; and

(2) an available third party data base provided by a private consumer reporting service, subject to the identification verification requirements set forth in subsection (l).

(e) The department shall monitor the effectiveness of private consumer credit reporting services in providing the verification information required under subsection (d). If the department determines that a commercially reasonable method of verification is available, the department shall:

(1) provide reasonable notice to all lenders identifying the commercially reasonable method of verification that is available; and



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(2) require each lender to use, consistent with the policies of the department, the identified commercially reasonable method of verification as a means of complying with subsection (d).

(f) If a borrower presents evidence to a lender that a loan has been discharged in bankruptcy, the lender shall cause the record of the borrower's loan to be updated in the data base described in subsection (d)(2) to reflect the bankruptcy discharge.

(g) A lender shall cause the record of a borrower's loan to be updated in the data base described in subsection (d)(2) to reflect:

- (1) presentment of the borrower's check for payment; or
- (2) exercise of the borrower's authorization to debit the borrower's account.

If a check is returned or an authorization is dishonored because of insufficient funds in the borrower's account, the lender shall reenter the record of the loan in the data base.

(h) A lender shall update information in a data base described in subsection (d)(2) to reflect partial payments made on an outstanding loan, the record of which is maintained in the data base.

(i) If a lender ceases doing business in Indiana, the director may require the operator of the data base described in subsection (d)(2) to remove records of the lender's loans from the operator's data base.

(j) The director may impose a civil penalty not to exceed one hundred dollars (\$100) for each violation of:

- (1) this section; or
- (2) any rule or policy adopted by the director to implement this section.

(k) The excess amount of loan finance charge provided for in agreements in violation of this section is an excess charge for purposes of the provisions concerning effect of violations on rights of parties (IC 37-2-6-9) and the provisions concerning civil actions by the department (IC 37-2-7-14).

(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



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1 this subdivision may be in electronic form and the numbers
2 may be truncated.

3 **If a borrower does not have a Social Security number, the lender**
4 **may require and accept another valid form of government issued**
5 **identification, subject to the requirements of subdivisions (1) and**
6 **(2) with respect to the government issued identification accepted.**

7 **Sec. 9. (a) This section does not apply to a business that is**
8 **licensed by the department for a purpose other than consumer**
9 **loans.**

10 **(b) A licensee may carry on other business at a location where**
11 **the licensee makes small loans unless the licensee carries on other**
12 **business for the purpose of evasion or violation of this article.**

13 **Sec. 10. (a) An agreement with respect to a small loan may not**
14 **provide for charges as a result of default by the borrower other**
15 **than those specifically authorized by this chapter. A provision in a**
16 **small loan agreement in violation of this section is unenforceable.**

17 **(b) A lender or an assignee of a small loan may seek only the**
18 **following remedies upon default by a borrower:**

19 **(1) Recovery of:**

20 **(A) the contracted principal amount of the loan; and**

21 **(B) the loan finance charge.**

22 **(2) If contracted for under section 3 of this chapter,**
23 **collection of a fee for:**

24 **(A) a returned check, negotiable order of withdrawal, or**
25 **share draft; or**

26 **(B) a dishonored authorization to debit the borrower's**
27 **account;**

28 **because of insufficient funds in the borrower's account.**

29 **(3) Collection of postjudgment interest, if awarded by a**
30 **court.**

31 **(4) Collection of court costs, if awarded by a court.**

32 **(c) A lender or an assignee of a small loan may not seek any of**
33 **the following damages or remedies upon default by a borrower:**

34 **(1) Payment of the lender's attorney's fees.**

35 **(2) Treble damages.**

36 **(3) Prejudgment interest.**

37 **(4) Damages allowed for dishonored checks under any**
38 **statute other than this chapter.**

39 **(5) Any damages or remedies not set forth in subsection (b).**

40 **(d) A contractual agreement in a small loan transaction must**
41 **include a notice of the following in 14 point bold type:**

42 **(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.

(3) Making a misleading or deceptive statement regarding a small loan or a consequence of taking a small loan.

(4) Contracting for or collecting attorney's fees on small loans made under this chapter.

(5) Altering the date or any other information on a check or



an authorization to debit the borrower's account held as security.

(6) Using a device or agreement that the department determines would have the effect of charging or collecting more fees, charges, or interest than allowed by this chapter, including, but not limited to:

(A) entering a different type of transaction with the borrower;

(B) entering into a sales/leaseback arrangement;

(C) catalog sales;

(D) entering into transactions in which a customer receives a purported cash rebate that is advanced by someone offering Internet content services, or some other product or service, when the cash rebate does not represent a discount or an adjustment of the purchase price for the product or service; or

(E) entering any other transaction with the borrower that is designed to evade the applicability of this chapter.

(7) Engaging in unfair, deceptive, or fraudulent practices in the making or collecting of a small loan.

(8) Charging to cash a check representing the proceeds of a small loan.

(9) Except as otherwise provided in this chapter:

(A) accepting the proceeds of a new small loan as payment of an existing small loan provided by the same lender; or

(B) renewing, refinancing, or consolidating a small loan with the proceeds of another small loan made by the same lender.

(10) Including any of the following provisions in a loan document:

(A) A hold harmless clause.

(B) A confession of judgment clause.

(C) A mandatory arbitration clause, unless the terms and conditions of the arbitration have been approved by the director of the department.

(D) An assignment of or order for payment of wages or 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



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1 from a lender, the director may, at the discretion of the director,
 2 waive or shorten the two (2) year period set forth in subsection
 3 (b)(4) during which a surety bond required by this section must
 4 remain in effect after the lender's license under this chapter is
 5 surrendered or terminated.

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

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

17 (f) Cancellation of a surety bond issued under this section does
 18 not affect any liability incurred or accrued during the period when
 19 the surety bond was in effect.

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

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

27 Sec. 16. The department may adopt rules under IC 4-22-2 to
 28 implement this article.

29 **ARTICLE 4. MORTGAGE RESCUE PROTECTION FRAUD**
 30 **Chapter 1. Application**

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

34 Sec. 0.3. A contract entered into in accordance with IC 24-5.5
 35 (before its repeal) is considered a contract entered into in
 36 accordance with this article.

37 Sec. 0.5. Any document, website, or business communication
 38 created in accordance with IC 24-5.5 (before its repeal) is
 39 considered a document, website, or business communication
 40 created in accordance with this article.

41 Sec. 1. This article does not apply to the following:

42 (1) A person organized or chartered under the laws of this



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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



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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
 deposited in the United States mail, properly addressed, with

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1 postage prepaid.

2 (b) A homeowner is not required to give notice of rescission in
3 the form required under the contract if the form under the
4 contract is inconsistent with the requirements under this chapter.

5 Sec. 4. (a) If a homeowner rescinds a contract with a
6 foreclosure consultant or a foreclosure reconveyance agreement,
7 the homeowner shall, not later than thirty (30) days after the date
8 of rescission, repay any amounts paid or advanced by:

9 (1) the foreclosure consultant or the foreclosure consultant's
10 agent under the terms of the foreclosure consulting contract;

11 or

12 (2) a person under a foreclosure reconveyance agreement.

13 (b) A rescission by a homeowner under this chapter is void if
14 the payments required under this section are not made within the
15 time set forth in subsection (a).

16 Sec. 5. If a homeowner rescinds a contract with a foreclosure
17 consultant, not less than ten (10) days following the effective date
18 of the rescission, the consultant shall return to the homeowner any
19 payments made by the homeowner, less any amounts for actual
20 services rendered.

21 Chapter 4. Limitations on Foreclosure Consultants and 22 Foreclosure Reconveyances

23 Sec. 1. For purposes of this chapter, there is a rebuttable
24 presumption that:

25 (1) a homeowner has a reasonable ability to pay for a
26 subsequent reconveyance of real property if the
27 homeowner's payments for primary housing expenses and
28 regular principal and interest payments on other personal
29 debt, on a monthly basis, do not exceed sixty percent (60%)
30 of the homeowner's monthly gross income; and

31 (2) the foreclosure purchaser has not verified reasonable
32 payment ability if the foreclosure purchaser has not obtained
33 documents other than a statement by the homeowner of
34 assets, liability, and income.

35 Sec. 2. In addition to any prohibitions that apply under
36 IC 24-5-15-1 through IC 24-5-15-8, a foreclosure consultant may
37 not:

38 (1) enter into or attempt to enter into a foreclosure
39 consultant contract with a homeowner unless the foreclosure
40 consultant first provides the homeowner written notice of the
41 homeowner's rights under this article;

42 (2) demand or receive compensation until after the



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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;

(3) foreclosure purchaser and the homeowner complete a

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1 formal settlement before any transfer of interest in the
2 affected property; and

3 (4) foreclosure purchaser complies with the security
4 requirements under IC 24-5-15-8.

5 **Sec. 4. A foreclosure purchaser shall:**

6 (1) ensure that title to real property has been reconveyed to
7 the homeowner in a timely manner if the terms of a
8 foreclosure reconveyance agreement require a
9 reconveyance; or

10 (2) if the real property subject to a foreclosure reconveyance
11 agreement is sold within eighteen (18) months after entering
12 into the foreclosure reconveyance agreement, make payment
13 to the homeowner not later than ninety (90) days after the
14 resale of the real property in an amount equal to at least
15 sixty-six percent (66%) of the net proceeds from the resale of
16 the property.

17 **Sec. 5. A foreclosure purchaser may not:**

18 (1) enter into repurchase or lease terms as part of the
19 foreclosure reconveyance that are unfair or commercially
20 unreasonable or engage in any other unfair conduct;

21 (2) represent, directly or indirectly, that the:

22 (A) foreclosure purchaser is acting:

23 (i) as an adviser or a consultant; or

24 (ii) in any other manner on behalf of the
25 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
30 is that the homeowner will not complete a redemption of
31 the 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**
40 **accounting of the basis for the amount of payment made to a**
41 **homeowner of real property resold within eighteen (18) months**
42 **after entering into a foreclosure reconveyance agreement on a**



form prescribed by the attorney general.

Sec. 7. A foreclosure consultant shall retain all records and documents, including the foreclosure consultant contract, related to services performed on behalf of a homeowner for at least three (3) years after the termination or conclusion of the foreclosure consultant contract entered into by the foreclosure consultant and the homeowner.

Sec. 8. A foreclosure consultant may not represent to a homeowner that the foreclosure consultant is endorsed, sponsored, or affiliated with any governmental or government sponsored agency or program.

Chapter 5. Enforcement

Sec. 1. A person who knowingly or intentionally violates this article commits:

- (1) a Class A misdemeanor;
- (2) a deceptive act that is actionable by the attorney general under IC 24-5-0.5-4 and is subject to the penalties and remedies available to the attorney general under IC 24-5-0.5; and
- (3) a deceptive act that is actionable by the attorney general under IC 37-5-8-2 and is subject to the penalties and remedies available to the attorney general under IC 37-5.

Sec. 2. (a) A homeowner may bring an action against a person for damages incurred as a result of a violation of this article.

(b) A homeowner who:

- (1) brings an action under this section; and
- (2) is awarded damages;

may seek reasonable attorney's fees.

Sec. 3. (a) A court may award attorney's fees under section 2(b) of this chapter.

(b) If the court finds that a person willfully or knowingly violated this article, the court may award damages equal to three (3) times the amount of actual damages.

Sec. 4. (a) The Indiana housing and community development authority shall maintain a list of nonprofit organizations that:

- (1) offer counseling or advice to homeowners in foreclosure or loan defaults; and
- (2) do not contract for services with for-profit lenders or foreclosure purchasers.

(b) The Indiana housing and community development authority shall provide names and telephone numbers of the organizations described in subsection (a) to a homeowner upon



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1 request.

2 Sec. 5. The attorney general may adopt rules under IC 4-22-2
3 necessary to implement this article.

4 Sec. 6. Except as provided in IC 24-5-15-7(d), this article may
5 not be construed to preempt the provisions of IC 24-5-15-1 through
6 IC 24-5-15-11.

7 **ARTICLE 5. HOME LOAN PRACTICES**

8 **Chapter 1. Application**

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

12 Sec. 0.3. A contract entered into in accordance with IC 24-9
13 (before its repeal) is considered a contract entered into in
14 accordance with this article.

15 Sec. 0.5. Any document, website, or business communication
16 created in accordance with IC 24-9 (before its repeal) is considered
17 a document, website, or business communication created in
18 accordance with this article.

19 Sec. 1. Except for IC 37-5-3-7(c)(3), IC 37-5-3-7(c)(4), and
20 IC 37-5-3-7(c)(5), this article does not apply to:

21 (1) a loan made or acquired by a person organized or
22 chartered under the laws of this state, any other state, or the
23 United States relating to banks, trust companies, savings
24 associations, savings banks, credit unions, or industrial loan
25 and investment companies; or

26 (2) a loan:

27 (A) that can be purchased by the Federal National
28 Mortgage Association, the Federal Home Loan

29 Mortgage Association, or the Federal Home Loan Bank;

30 (B) to be insured by the United States Department of
31 Housing and Urban Development;

32 (C) to be guaranteed by the United States Department of
33 Veterans Affairs;

34 (D) to be made or guaranteed by the United States
35 Department of Agriculture Rural Housing Service;

36 (E) to be funded by the Indiana housing and community
37 development authority; or

38 (F) with a principal amount that exceeds the conforming
39 loan size limit for a single family dwelling as established
40 by the Federal National Mortgage Association.

41 **Chapter 2. Definitions**

42 Sec. 1. The definitions in this chapter apply throughout this



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1 article.

2 Sec. 2. "Benchmark rate" means the interest rate established
3 under Section 152 of the Federal Home Ownership and Equity
4 Protection Act of 1994 (15 U.S.C. 1602 (aa)) and the regulations
5 adopted under that act by the Federal Reserve Board, including 12
6 CFR 226.32 and the Official Staff Commentary to the regulations
7 as amended.

8 Sec. 3. "Bona fide discount points" means loan discount points
9 that:

- 10 (1) are knowingly paid by the borrower;
- 11 (2) are paid for the express purpose of reducing the interest
- 12 rate applicable to the loan;
- 13 (3) reduce the interest rate from an interest rate that does
- 14 not exceed the benchmark rate; and
- 15 (4) are recouped within the first four (4) years of the
- 16 scheduled loan payments;

17 if the reduction in the interest rate that is achieved by the payment
18 of the loan discount points reduces the interest charged on the
19 scheduled payments so that the borrower's dollar amount of
20 savings in interest during the first four (4) years of the loan is equal
21 to or greater than the dollar amount of loan discount points paid
22 by the borrower.

23 Sec. 4. "Borrower" means a person obligated to repay a home
24 loan, including a coborrower, cosigner, or guarantor.

25 Sec. 5. "Bridge loan" means temporary or short term
26 financing with a maturity of less than eighteen (18) months that
27 requires payments of interest only until the entire unpaid balance
28 is due and payable.

29 Sec. 6. (a) "Creditor" means:

30 (1) a person:

- 31 (A) who regularly extends consumer credit that is
- 32 subject to a finance charge or that is payable by written
- 33 agreement in more than four (4) installments; and
- 34 (B) to whom the debt arising from a home loan
- 35 transaction is initially payable; or

36 (2) a person who brokers a home loan, including a person
37 who:

- 38 (A) directly or indirectly solicits, processes, places, or
- 39 negotiates home loans for others;
- 40 (B) offers to solicit, process, place, or negotiate home
- 41 loans for others; or
- 42 (C) closes home loans that may be in the person's own



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name with funds provided by others and that are thereafter assigned to the person providing funding for the loans.

(b) The term does not include:

- (1) a servicer;
- (2) a state or local housing finance authority;
- (3) any other state or local governmental or quasi-governmental entity; or
- (4) an attorney providing legal services in association with the closing of a home loan.

Sec. 7. (a) "Deceptive act" means:

- (1) an act or a practice as part of a mortgage transaction (as defined in IC 37-5-3-7(a)), or of a real estate transaction (as defined in IC 37-5-3-7(b)), in which a person at the time of the transaction knowingly or intentionally:

- (A) makes a material misrepresentation; or
- (B) conceals material information regarding the terms or conditions of the transaction; or

- (2) a violation of IC 37-4 concerning mortgage rescue protection fraud as set forth in IC 37-4-5-1.

(b) For purposes of this section, "knowingly" means having actual knowledge at the time of the transaction.

Sec. 8. (a) "High cost home loan" means a home loan with:

- (1) a trigger rate that exceeds the benchmark rate; or
- (2) total points and fees that exceed:
 - (A) five percent (5%) of the loan principal for a home loan having a loan principal of at least forty thousand dollars (\$40,000); or
 - (B) six percent (6%) of the loan principal for a home loan having a loan principal of less than forty thousand dollars (\$40,000).

(b) Beginning July 1, 2006, the dollar amounts set forth in this section are subject to change at the times and according to the procedure set forth in the provisions of IC 37-2-1-5 concerning the adjustment of dollar amounts in IC 37-2.

Sec. 9. (a) "Home loan" means a loan, other than an open end credit plan, a reverse mortgage transaction, or a loan described in IC 37-5-1-1, that is secured by a mortgage or deed of trust on real estate in Indiana on which there is located or will be located a structure or structures:

- (1) designed primarily for occupancy of one (1) to four (4) families; and



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(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

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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,

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2005, must prominently display the following on the face of the instrument:

"This instrument secures a zero (0) interest rate or other subsidized low rate loan subject to IC 37-5-3-2."

(d) A creditor may reasonably rely on the presence or absence of the statement described in subsection (c) on the face of an instrument executed after January 1, 2005, as conclusive proof of the existence or nonexistence of a zero (0) interest rate or other subsidized low rate loan.

Sec. 3. A creditor may not recommend or encourage default on an existing loan or other debt before and in connection with the closing or planned closing of a home loan that refinances all or part of the existing loan or debt.

Sec. 4. A creditor shall treat each payment made by a borrower in regard to a home loan as posted on the same business day as the payment was received by the creditor, servicer, or creditor's agent, or at the address provided to the borrower by the creditor, servicer, or creditor's agent for making payments.

Sec. 5. (a) A home loan agreement may not contain a provision that permits the creditor, in the creditor's sole discretion, to accelerate the indebtedness without material cause.

(b) This section does not prohibit acceleration of a home loan in good faith due to the borrower's failure to abide by the material terms of the loan.

Sec. 6. (a) A creditor may not charge a fee for informing or transmitting to a person the balance due to pay off a home loan or to provide a written release upon prepayment. A creditor must provide, in writing, a payoff balance not later than seven (7) business days (excluding legal public holidays, Saturdays, and Sundays) after the request is received by the creditor. A payoff statement provided by a creditor 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. For purposes of this subsection, "fee" does not include actual charges incurred by a creditor for express or priority delivery of home loan documents to the borrower if such delivery is requested by the borrower.

(b) This subsection applies to a home loan, or the refinancing or consolidation of a home loan, 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 home loan.



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1 A creditor in a transaction to which this subsection applies may not
 2 contract for and may not charge the borrower a prepayment fee or
 3 penalty.

4 (c) This subsection applies to a home loan with respect to
 5 which any installment or minimum payment due is delinquent for
 6 at least sixty (60) days. The creditor, servicer, or the creditor's
 7 agent shall acknowledge a written offer made in connection with a
 8 proposed short sale not later than five (5) business days (excluding
 9 legal public holidays, Saturdays, and Sundays) after the date of the
 10 offer if the offer complies with the requirements for a qualified
 11 written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor,
 12 servicer, or creditor's agent is required to acknowledge a written
 13 offer made in connection with a proposed short sale from a third
 14 party acting on behalf of the debtor only if the debtor has provided
 15 written authorization for the creditor, servicer, or creditor's agent
 16 to do so. Not later than thirty (30) business days (excluding legal
 17 public holidays, Saturdays, and Sundays) after receipt of an offer
 18 under this subsection, the creditor, servicer, or creditor's agent
 19 shall respond to the offer with an acceptance or a rejection of the
 20 offer. The thirty (30) day period described in this subsection may
 21 be extended for not more than fifteen (15) business days (excluding
 22 legal public holidays, Saturdays, and Sundays) if, before the end of
 23 the thirty (30) day period, the creditor, the servicer, or the
 24 creditor's agent notifies the debtor of the extension and the reason
 25 the extension is needed. As used in this subsection, "short sale"
 26 means a transaction in which the property that is the subject of a
 27 home loan is sold for an amount that is less than the amount of the
 28 borrower's outstanding obligation on the home loan. A creditor, a
 29 servicer, or a creditor's agent that fails to respond to an offer
 30 within the time prescribed by this subsection is liable in accordance
 31 with 12 U.S.C. 2605(f) in any action brought under that section.

32 Sec. 7. (a) As used in this section, "mortgage transaction"
 33 includes the following:

34 (1) A home loan subject to this article.

35 (2) To the extent allowed under federal law, a loan described
 36 in IC 37-5-1-1 that is secured by a mortgage or a land
 37 contract (or another consensual security interest equivalent
 38 to a mortgage or a land contract) on real estate in Indiana on
 39 which there is located or will be located a structure or
 40 structures:

41 (A) designed primarily for occupancy of one (1) to four
 42 (4) families; and



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- 1 (B) that is or will be occupied by a borrower as the
 2 borrower's principal dwelling.
- 3 (3) A first lien mortgage transaction (as defined in
 4 IC 37-1-2-18) subject to IC 37-1.
- 5 (4) A consumer credit sale subject to IC 37-2-3 in which a
 6 mortgage or a land contract (or another consensual security
 7 interest equivalent to a mortgage or a land contract) that
 8 constitutes a lien is created or retained against land:
 9 (A) that is located in Indiana; and
 10 (B) upon which there is constructed or intended to be
 11 constructed a dwelling that is or will be used by the
 12 debtor primarily for personal, family, or household
 13 purposes.
- 14 (5) A consumer loan subject to IC 37-2-4 in which a
 15 mortgage or a land contract (or another consensual security
 16 interest equivalent to a mortgage or a land contract) that
 17 constitutes a lien is created or retained against land:
 18 (A) that is located in Indiana; and
 19 (B) upon which there is constructed or intended to be
 20 constructed a dwelling that is or will be used by the
 21 debtor primarily for personal, family, or household
 22 purposes.
- 23 (6) A loan in which a mortgage or a land contract (or
 24 another consensual security interest equivalent to a
 25 mortgage or a land contract) that constitutes a lien is created
 26 or retained against land:
 27 (A) that is located in Indiana;
 28 (B) upon which there is constructed or intended to be
 29 constructed a dwelling that is not or will not be used by
 30 the borrower primarily for personal, family, or
 31 household purposes; and
 32 (C) that is classified as residential for property tax
 33 purposes.
- 34 The term includes a loan that is secured by land in Indiana
 35 upon which there is constructed or intended to be
 36 constructed a dwelling that is purchased by or through the
 37 borrower for investment or other business purposes.
- 38 (7) A reverse mortgage transaction that is secured by real
 39 estate in Indiana on which there is located a structure that is
 40 occupied by a borrower as the borrower's principal dwelling.
- 41 (b) As used in this section, "real estate transaction" means the
 42 sale or lease of any legal or equitable interest in real estate:

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- (1) that is located in Indiana;
 - (2) upon which there is constructed or intended to be constructed a dwelling; and
 - (3) that is classified as residential for property tax purposes.
- (c) A person may not do any of the following:
- (1) Divide a home loan transaction into separate parts with the intent of evading a provision of this article.
 - (2) Structure a home loan transaction as an open-end loan with the intent of evading the provisions of this article if the home loan would be a high cost home loan if the home loan had been structured as a closed-end loan.
 - (3) Engage in a deceptive act in connection with a mortgage transaction or a real estate transaction.
 - (4) Engage in, or solicit to engage in, a real estate transaction or a mortgage transaction without a permit or license required by law.
 - (5) With respect to a real estate transaction or a mortgage transaction, represent that:
 - (A) the transaction has:
 - (i) certain terms or conditions; or
 - (ii) the sponsorship or approval of a particular person or entity;
 that it does not have and that the person knows or reasonably should know it does not have; or
 - (B) the real estate or property that is the subject of the transaction has any improvements, appurtenances, uses, characteristics, or associated benefits that it does not have and that the person knows or reasonably should know it does not have.
 - (6) Maintain or offer to maintain an account for the receipt of funds for the payment of real estate taxes and insurance unless the person is any of the following:
 - (A) Any of the following that is chartered under the laws of a state or the United States:
 - (i) A bank.
 - (ii) A savings and loan association.
 - (iii) A credit union.
 - (iv) A savings bank.
 - (B) The creditor in a mortgage transaction.
 - (C) A mortgage servicer acting on behalf of the creditor in a mortgage transaction.
 - (D) A closing agent (as defined in IC 27-7-3.7-1).



(7) Fail to provide the notice required under subsection (d), within the time specified in subsection (d), if the person is a 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



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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 payments under the high cost home loan agreement unless the payment becomes due and payable at least one hundred twenty (120) months after the date of the high cost home loan. This prohibition does not apply if:

(1) the payment schedule is adjusted to account for the seasonal or irregular income of the borrower; or

(2) the loan is a bridge loan connected with or related to the acquisition or construction of a dwelling intended to become the borrower's principal dwelling.

Sec. 4. (a) Except as provided in subsection (b), a high cost home loan may not include payment terms under which the outstanding principal balance will increase at any time over the course of the high cost home loan because the regular periodic payments do not cover the full amount of interest due.

(b) This section does not apply to a temporary forbearance that is requested by a borrower regarding a high cost home loan.

Sec. 5. A high cost home loan may not contain a provision that increases the interest rate after default. However, this section does not apply to interest rate changes in a variable rate loan otherwise consistent with the provisions of the high cost home loan documents if the change in the interest rate is not triggered by the event of default or the acceleration of the indebtedness.

Sec. 6. A high cost home loan may not include terms under which more than two (2) periodic payments required under the high cost home loan are consolidated and paid in advance from the high cost home loan proceeds provided to the borrower.

Sec. 7. A creditor may not make a high cost home loan without first providing the borrower information to facilitate contact with a nonprofit counseling agency certified by:

(1) the United States Department of Housing and Urban Development; or

(2) the Indiana housing and community development authority under IC 5-20-1-4(d);

at the same time as the good faith estimates are provided to the borrower in accordance with the requirements of the federal Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) as amended.

Sec. 8. (a) A creditor may not make a high cost home loan

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without regard to repayment ability.

(b) If a creditor presents evidence that the creditor followed commercially reasonable practices in determining the borrower's debt to income ratio, there is a rebuttable presumption that the creditor made the high cost home loan with due regard to repayment ability. For purposes of this section, there is a rebuttable presumption that the borrower's statement of income provided to the creditor is true and complete.

(c) Commercially reasonable practices include the use of:

(1) the debt to income ratio:

(A) listed in 38 CFR 36.4337(c)(1); and

(B) defined in 38 CFR 36.4337(d); and

(2) the residual income guidelines established under:

(A) 38 CFR 36.4337(e); and

(B) United States Department of Veterans Affairs form 26-6393.

Sec. 9. A creditor may not pay a contractor under a home improvement contract from the proceeds of a high cost home loan unless:

(1) the creditor is presented with a signed and dated completion certificate showing that the home improvements have been completed; and

(2) the instrument is payable to the borrower or jointly to the borrower and the contractor or, at the election of the borrower, through a third party escrow agent under a written agreement signed by the borrower, the creditor, and the contractor before the disbursement.

Sec. 10. A creditor may not charge a borrower any fees or other charges to modify, renew, extend, or amend a high cost home loan or to defer a payment due under the terms of a high cost home loan.

Sec. 11. A creditor may not make a high cost home loan unless the creditor has given the following notice, in writing, to the borrower not later than the time that notice is required under 12 CFR 226.31(c):

"NOTICE TO BORROWER

YOU SHOULD BE AWARE THAT YOU MIGHT BE ABLE TO OBTAIN A LOAN AT A LOWER COST. YOU SHOULD COMPARE LOAN RATES, COSTS, AND FEES. MORTGAGE LOAN RATES AND CLOSING COSTS AND FEES VARY BASED ON MANY FACTORS, INCLUDING YOUR PARTICULAR CREDIT AND FINANCIAL

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CIRCUMSTANCES, YOUR EMPLOYMENT HISTORY, THE LOAN-TO-VALUE REQUESTED, AND THE TYPE OF PROPERTY THAT WILL SECURE YOUR LOAN. THE LOAN RATE, COSTS, AND FEES COULD ALSO VARY BASED ON WHICH CREDITOR OR BROKER YOU SELECT.

IF YOU ACCEPT THE TERMS OF THIS LOAN, THE CREDITOR WILL HAVE A MORTGAGE LIEN ON YOUR HOME. YOU COULD LOSE YOUR HOME AND ANY MONEY YOU HAVE PAID IF YOU DO NOT MEET YOUR PAYMENT OBLIGATIONS UNDER THE LOAN. YOU SHOULD CONSULT AN ATTORNEY AND A QUALIFIED INDEPENDENT CREDIT COUNSELOR OR OTHER EXPERIENCED FINANCIAL ADVISER REGARDING THE RATE, FEES, AND PROVISIONS OF THIS MORTGAGE LOAN BEFORE YOU PROCEED. A LIST OF QUALIFIED COUNSELORS IS AVAILABLE FROM THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY.

YOU ARE NOT REQUIRED TO COMPLETE THIS LOAN AGREEMENT MERELY BECAUSE YOU HAVE RECEIVED THIS DISCLOSURE OR HAVE SIGNED A LOAN APPLICATION. REMEMBER, PROPERTY TAXES AND HOMEOWNER'S INSURANCE ARE YOUR RESPONSIBILITY. NOT ALL CREDITORS PROVIDE ESCROW SERVICES FOR THESE PAYMENTS. YOU SHOULD ASK YOUR CREDITOR ABOUT THESE SERVICES.

ALSO, YOUR PAYMENTS ON EXISTING DEBTS CONTRIBUTE TO YOUR CREDIT RATINGS. YOU SHOULD NOT ACCEPT ANY ADVICE TO IGNORE YOUR REGULAR PAYMENTS TO YOUR EXISTING CREDITORS."

Sec. 12. Without regard to whether a borrower is acting individually or on behalf of others similarly situated, a provision of a high cost home loan agreement that:

- (1) requires arbitration of a claim or defense;
- (2) allows a party to require a borrower to assert a claim or defense in a forum that is:
 - (A) less convenient;
 - (B) more costly; or
 - (C) more dilatory;



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for the resolution of the dispute than an Indiana court in which the borrower may otherwise bring a claim or defense; or
 (3) limits in any way any claim or defense the borrower may have;

is unconscionable and void.

Chapter 5. Claims, Defenses, Remedies

Sec. 1. (a) A person who purchases or is otherwise assigned a high cost home loan is subject to all affirmative claims and any defenses, except for an affirmative claim or defense pursuant to IC 37-5-3-7, with respect to the high cost home loan that the borrower could assert against a creditor or broker of the high cost home loan. However, this section does not apply if the purchaser or assignee demonstrates by a preponderance of the evidence that a reasonable person exercising ordinary due diligence could not determine that the loan was a high cost home loan. A purchaser or an assignee is presumed to have exercised reasonable due diligence if the purchaser or assignee:

(1) has in place at the time of the purchase or assignment of the subject loans, policies that expressly prohibit the purchase or acceptance of the assignment of any high cost home loans;

(2) requires by contract that a seller or an assignor of home loans to the purchaser or assignee represents and warrants to the purchaser or assignee that either:

(A) the seller or assignor will not sell or reassign any high cost home loans to the purchaser or assignee; or

(B) the seller or assignor is a beneficiary of a representation and warranty from a previous seller or assignor to that effect;

(3) exercises reasonable due diligence:

(A) at the time of purchase or assignment of home loans; or

(B) within a reasonable period after the purchase or assignment of home loans;

intended by the purchaser or assignee to prevent the purchaser or assignee from purchasing or taking assignment of any high cost home loans; or

(4) satisfies the requirements of subdivisions (1) and (2) and establishes that a reasonable person exercising ordinary due diligence could not determine that the loan was a high cost home loan based on the:



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(A) documentation required by the federal Truth in Lending Act (15 U.S.C. 1601 et seq.); and

(B) itemization of the amount financed and other disbursement disclosures.

(b) A borrower acting only in an individual capacity may assert against the creditor or any subsequent holder or assignee of a high cost home loan:

(1) a violation of IC 37-5-4-2 as a defense, claim, or counterclaim, after:

(A) an action to enjoin foreclosure or to preserve or obtain possession of the dwelling that secures the loan is initiated;

(B) an action to collect on the loan or foreclose on the collateral securing the loan is initiated; or

(C) the loan is more than sixty (60) days in default; within three (3) years after the closing of a home loan;

(2) a violation of this article in connection to the high cost home loan as a defense, claim, or counterclaim in an original action within five (5) years after the closing of a high cost home loan; and

(3) any defense, claim, counterclaim, or action to enjoin foreclosure or preserve or obtain possession of the home that secures the loan, including a violation of this article after:

(A) an action to collect on the loan or foreclose on the collateral securing the loan is initiated;

(B) the debt arising from the loan is accelerated; or

(C) the loan is more than sixty (60) days in default; at any time during the term of a high cost home loan.

(c) In an action, a claim, or a counterclaim brought under subsection (b), the borrower may recover only amounts required to reduce or extinguish the borrower's liability under a home loan plus amounts required to recover costs, including reasonable attorney's fees.

(d) The provisions of this section are effective notwithstanding any other provision of law. This section shall not be construed to limit the substantive rights, remedies, or procedural rights available to a borrower against any creditor, assignee, or holder under any other law. The rights conferred on borrowers by subsections (a) and (b) are independent of each other and do not limit each other.

Sec. 2. (a) If a creditor asserts that grounds for acceleration under the terms of a high cost home loan exist and requires the

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1 payment in full of all sums secured by the security instrument, the
 2 borrower or a person authorized to act on the borrower's behalf at
 3 any time before the title is transferred by means of foreclosure,
 4 judicial proceeding and sale, or otherwise may cure the default and
 5 reinstate the high cost home loan by tendering the amount or
 6 performance as specified in the security instrument.

7 (b) If the borrower cures the default on a high cost home loan,
 8 the original loan terms shall be reinstated, and any acceleration of
 9 any obligation under the security instrument or note arising from
 10 the default is nullified as of the date of the cure.

11 Sec. 3. (a) A creditor making a high cost home loan that has
 12 the right to foreclose must use the judicial foreclosure procedures
 13 of the state in which the property securing the high cost home loan
 14 is located. The borrower has the right to assert in the proceeding
 15 the nonexistence of a default and any other claim or defense to
 16 acceleration and foreclosure, including any claim or defense based
 17 on any violations of this article.

18 (b) This section is not intended and shall not be construed to
 19 allow any claim or defense otherwise barred by any statute of
 20 limitation or repose.

21 Sec. 4. (a) This section does not apply to a violation of
 22 IC 37-5-3-7(c)(4), IC 37-5-3-7(c)(5), or IC 37-5-3-7(c)(6). A person
 23 who violates this article is liable to a person who is a party to the
 24 home loan transaction, mortgage transaction (as defined in
 25 IC 37-5-3-7(a)), or real estate transaction (as defined in
 26 IC 37-5-3-7(b)), as appropriate, that gave rise to the violation for
 27 the following:

28 (1) Actual damages, including consequential damages. A
 29 person is not required to demonstrate reliance in order to
 30 receive actual damages.

31 (2) Statutory damages equal to two (2) times the finance
 32 charges agreed to in a home loan agreement.

33 (3) Costs and reasonable attorney's fees.

34 (b) A person may be granted injunctive, declaratory, and other
 35 equitable relief as the court determines appropriate in an action to
 36 enforce compliance with this chapter.

37 (c) The right of rescission granted under 15 U.S.C. 1601 et seq.
 38 for a violation of the federal Truth in Lending Act (15 U.S.C. 1601
 39 et seq.) is available to a person acting only in an individual capacity
 40 by way of recoupment as a defense against a party foreclosing on
 41 a home loan at any time during the term of the loan. Any
 42 recoupment claim asserted under this provision is limited to the



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1 amount required to reduce or extinguish the person's liability
 2 under the home loan plus amounts required to recover costs,
 3 including reasonable attorney's fees. This article shall not be
 4 construed to limit the recoupment rights available to a person
 5 under any other law.

6 (d) The remedies provided in this section are cumulative but
 7 are not intended to be the exclusive remedies available to a person.
 8 Except as provided in subsection (e), a person is not required to
 9 exhaust any administrative remedies under this article or under
 10 any other applicable law.

11 (e) Before bringing an action regarding an alleged deceptive
 12 act under this chapter, a person must:

13 (1) notify the homeowner protection unit established by
 14 IC 4-6-12-2 of the alleged violation giving rise to the action;
 15 and

16 (2) allow the homeowner protection unit at least ninety (90)
 17 days to institute appropriate administrative and civil action
 18 to redress a violation.

19 (f) An action under this chapter must be brought within five
 20 (5) years after the date that the person knew, or by the exercise of
 21 reasonable diligence should have known, of the violation of this
 22 article.

23 (g) An award of damages under subsection (a) has priority
 24 over a civil penalty imposed under this article.

25 Sec. 5. (a) If the creditor or an assignee establishes by a
 26 preponderance of evidence that a violation of this article is
 27 unintentional or the result of a bona fide error of law or fact
 28 notwithstanding the maintenance of procedures reasonably
 29 adopted to avoid any such violation or error, the validity of the
 30 transaction is not affected, and no liability is imposed under section
 31 4 of this chapter except in the case of a refusal to make a refund.

32 (b) Except as provided in subsection (c), a creditor in a high
 33 cost home loan who in good faith fails to comply with this article is
 34 not considered to have violated this article if the creditor does the
 35 following before receiving notice of the failure from the borrower:

36 (1) Not later than ninety (90) days after the date of the loan
 37 closing:

38 (A) makes appropriate restitution to the borrower of
 39 any amounts collected in error; and

40 (B) takes necessary action to make all appropriate
 41 adjustments to the loan to correct the error.

42 (2) Not later than one hundred twenty (120) days after the



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1 date of the loan closing, notifies the borrower of:

2 (A) the error; and

3 (B) the amount of the required restitution or
4 adjustment.

5 (c) Subsection (b) does not apply unless the creditor establishes
6 that the compliance failure was not intentional and resulted from
7 a bona fide error of fact or law, notwithstanding the maintenance
8 of procedures reasonably adopted to avoid the errors.

9 Sec. 6. The rights conferred by this article are in addition to
10 rights granted under any other law.

11 Chapter 6. Reporting Requirements

12 Sec. 1. (a) A servicer of a high cost home loan shall report at
13 least once each calendar quarter to a nationally recognized
14 consumer credit reporting agency both the favorable and
15 unfavorable payment history information of the borrower on
16 payments due to the creditor on a high cost home loan.

17 (b) This section does not prohibit a servicer from agreeing
18 with the borrower not to report specified payment history
19 information in the event of a resolved or an unresolved dispute
20 with a borrower and does not apply to high cost home loans held
21 or serviced by a lender for less than ninety (90) days.

22 Chapter 7. State Power to Regulate Lending

23 Sec. 1. The state is the sole regulator of the business of
24 originating, granting, servicing, and collecting loans and other
25 forms of credit in Indiana and the manner in which the business is
26 conducted. This regulation preempts all other regulation of these
27 activities by any political subdivision.

28 Sec. 2. Political subdivisions may not:

29 (1) enact, issue, or enforce ordinances, resolutions,
30 regulations, orders, requests for proposals, or requests for
31 bids pertaining to financial or lending activities, including
32 ordinances, resolutions, and rules that disqualify persons
33 from doing business with a municipality and that are based
34 upon lending terms or practices; or

35 (2) impose reporting requirements or any other obligations
36 upon persons regarding financial services or lending
37 practices or upon subsidiaries or affiliates that:

38 (A) are subject to the jurisdiction of the department of
39 financial institutions;

40 (B) are subject to the jurisdiction or regulatory
41 supervision of the Board of Governors of the Federal
42 Reserve System, the Office of the Comptroller of the

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Currency, the National Credit Union Administration, the Federal Deposit Insurance Corporation, the Federal Trade Commission, or the United States Department of Housing and Urban Development;

(C) are chartered by the United States Congress to engage in secondary market mortgage transactions;

(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



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1 subject to a civil penalty of not more than ten thousand dollars
2 (\$10,000) per violation.

3 (c) The court that issues an injunction retains jurisdiction over
4 a proceeding seeking the imposition of a civil penalty under this
5 section.

6 Sec. 4. The attorney general may file complaints with any of
7 the agencies listed in IC 4-6-12-4 to implement this chapter.

8 Chapter 9. Fees

9 Sec. 1. The county recorder shall assess a fee for each
10 mortgage recorded that shall be paid to the county treasurer at the
11 end of each calendar month as set forth in IC 36-2-7-10(c)(2).

12 Sec. 2. On or before June 20 and December 20 of each year,
13 after completing an audit of the county treasurer's monthly reports
14 required by IC 36-2-10-16, the county auditor shall distribute to
15 the state comptroller two dollars and fifty cents (\$2.50) of the
16 mortgage recording fee collected under IC 36-2-7-10(c)(2) for each
17 mortgage recorded by the county recorder. The state comptroller
18 shall deposit the money in the state general fund to be distributed
19 as described in section 3 of this chapter.

20 Sec. 3. On or before June 30 and December 31 of each year the
21 state comptroller shall distribute one dollar and twenty-five cents
22 (\$1.25) of the mortgage recording fee to the state general fund and
23 one dollar and twenty-five cents (\$1.25) of the mortgage recording
24 fee to the homeowner protection unit account established by
25 IC 4-6-12-9.

26 SECTION 98. [EFFECTIVE JULY 1, 2026] (a) This SECTION
27 applies to a person subject to:

- 28 (1) IC 24-4.4;
- 29 (2) IC 24-4.5;
- 30 (3) IC 24-5.5; or
- 31 (4) IC 24-9;

32 before their repeal.

33 (b) A person described in subsection (a) has until July 1, 2027,
34 to amend any document, website, or business communication to
35 comply with the recodification of the statutes described in
36 subsection (a) in IC 37, as added by this act.

37 (c) This SECTION expires June 30, 2028.

38 SECTION 99. [EFFECTIVE JULY 1, 2026] (a) Rules adopted in
39 accordance with:

- 40 (1) IC 24-4.4;
- 41 (2) IC 24-4.5;
- 42 (3) IC 24-5.5; or



- 1 **(4) IC 24-9;**
2 **before their repeal are considered rules adopted in accordance**
3 **with IC 37, as added by this act, and remain in effect until the rules**
4 **are amended, repealed, or suspended.**
5 **(b) Before January 1, 2028, the department of financial**
6 **institutions and the secretary of state shall amend its rules to**
7 **comply with the changes made by this act.**
8 **(c) This SECTION expires June 30, 2028.**

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