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SENATE BILL No. 169

Proposed Changes to introduced printing by AM016901

DIGEST OF PROPOSED AMENDMENT

Reorganization of consumer lending laws. Specifies that the bill must be construed as a recodification of prior law. Provides for the continuing effect of contracts and other documents created under prior law. Provides for the continuing effect of administrative rules adopted under prior law. Specifies that persons have until July 1, 2027, to amend documents, websites, or business communications for compliance with the recodified statutes.

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

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

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



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- 1 (2) Answer under oath and in writing written interrogatories.
 2 (3) Appear and testify under oath before the attorney general or
 3 the attorney general's duly authorized representative.
 4 (b) The office of the attorney general may consult with the Indiana
 5 department of health in the review of an application for a certificate of
 6 public advantage under IC 16-21-15.
- 7 SECTION 2. IC 4-6-12-2, AS AMENDED BY P.L.52-2017,
 8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2026]: Sec. 2. The attorney general shall establish a
 10 homeowner protection unit to enforce ~~IC 24-9~~ IC 37-5 and to carry out
 11 this chapter.
- 12 SECTION 3. IC 4-6-12-3, AS AMENDED BY P.L.52-2017,
 13 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2026]: Sec. 3. (a) The unit shall do the following:
- 15 (1) Investigate deceptive acts in connection with mortgage
 16 lending.
 17 (2) Investigate violations of ~~IC 24-9~~ IC 37-5.
 18 (3) Institute appropriate administrative and civil actions to
 19 redress:
 20 (A) deceptive acts in connection with mortgage lending;
 21 and
 22 (B) violations of IC 24-5-0.5 and ~~IC 24-9~~ IC 37-5.
- 23 (4) Cooperate with federal, state, and local law enforcement
 24 agencies in the investigation of the following:
 25 (A) Deceptive acts in connection with mortgage lending.
 26 (B) Criminal violations involving deceptive acts in
 27 connection with mortgage lending.
 28 (C) Violations of IC 24-5-0.5 and ~~IC 24-9~~ IC 37-5.
 29 (D) Violations of:
 30 (i) the federal Truth in Lending Act (15 U.S.C. 1601 et
 31 seq.);
 32 (ii) the Real Estate Settlement Procedures Act (12
 33 U.S.C. 2601 et seq.); and
 34 (iii) any other federal laws or regulations concerning
 35 mortgage lending.
- 36 To the extent authorized by federal law, the unit may
 37 enforce compliance with the federal statutes or regulations
 38 described in this clause or refer suspected violations of the
 39 statutes or regulations to the appropriate federal regulatory
 40 agencies.
 41 (5) Enforce violations of IC 32-25.5-3 by homeowners
 42 associations.

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

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

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

12 (b) The homeowner protection unit account consists of the
13 following:

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

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

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

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

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

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

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

29 (2) Any order that:

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

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

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

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

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- 1 (4) A determination of audit findings or an equivalent
 2 determination by the office of Medicaid policy and planning or
 3 by a contractor of the office of Medicaid policy and planning
 4 arising from a Medicaid postpayment or concurrent audit of a
 5 hospital's Medicaid claims.
- 6 (5) A license suspension or revocation under:
 7 (A) ~~IC 24-4.4-2~~; **IC 37-1-3**;
 8 (B) ~~IC 24-4.5-3~~; **IC 37-2-4**;
 9 (C) **IC 28-1-29**;
 10 (D) **IC 28-7-5**;
 11 (E) **IC 28-8-4.1**;
 12 (F) **IC 28-8-5**; or
 13 (G) **IC 28-8-6**.
- 14 (6) An order issued by the secretary or the secretary's designee
 15 against providers regulated by the office of the secretary, the
 16 division of aging or the bureau of disabilities services and not
 17 licensed by the Indiana department of health under **IC 16-27** or
 18 **IC 16-28**.
- 19 (b) When an agency issues an order described by subsection (a),
 20 the agency shall give notice to the following persons:
 21 (1) Each person to whom the order is specifically directed.
 22 (2) Each person to whom a law requires notice to be given.
- 23 A person who is entitled to notice under this subsection is not a party
 24 to any proceeding resulting from the grant of a petition for review
 25 under section 7 of this chapter unless the person is designated as a
 26 party in the record of the proceeding.
- 27 (c) The notice must include the following:
 28 (1) A brief description of the order.
 29 (2) A brief explanation of the available procedures and the time
 30 limit for seeking administrative review of the order under section
 31 7 of this chapter.
 32 (3) Any other information required by law.
- 33 (d) An order described in subsection (a) is effective fifteen (15)
 34 days after the order is served, unless a statute other than this article
 35 specifies a different date or the agency specifies a later date in its order.
 36 This subsection does not preclude an agency from issuing, under
 37 **IC 4-21.5-4**, an emergency or other temporary order concerning the
 38 subject of an order described in subsection (a).
- 39 (e) If a petition for review of an order described in subsection (a)
 40 is filed within the period set by section 7 of this chapter and a petition
 41 for stay of effectiveness of the order is filed by a party or another
 42 person who has a pending petition for intervention in the proceeding,

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1 an administrative law judge shall, as soon as practicable, conduct a
2 preliminary hearing to determine whether the order should be stayed in
3 whole or in part. The burden of proof in the preliminary hearing is on
4 the person seeking the stay. The administrative law judge may stay the
5 order in whole or in part. The order concerning the stay may be issued
6 after an order described in subsection (a) becomes effective. The
7 resulting order concerning the stay shall be served on the parties and
8 any person who has a pending petition for intervention in the
9 proceeding. It must include a statement of the facts and law on which
10 it is based.

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

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

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

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

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

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

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

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

42 (3) The department of financial institutions may adopt a rule

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1 described in IC 34-55-10-2 (bankruptcy exemptions; limitations)
2 or IC 34-55-10-2.5 in conformity with the procedures in
3 IC 4-22-2-23 through IC 4-22-2-36 or the interim rule
4 procedures in IC 4-22-2-37.2. A rule described in this
5 subdivision adopted under IC 4-22-2-37.2 expires not later than
6 two (2) years after the rule is accepted for filing by the publisher
7 of the Indiana Register.

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

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

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

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

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

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

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

41 (b) If a judgment has been entered against a taxpayer under section
42 9 of this chapter, the county treasurer may obtain a court order

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1 restraining the taxpayer from transacting business in the county.
 2 However, the restraining order may be dissolved if the court believes
 3 that dissolution of the restraining order will make collection of the
 4 judgment more likely.

5 (c) If a judgment against a taxpayer under section 9 of this chapter
 6 has not been satisfied within sixty (60) days after the judgment is
 7 entered, the county treasurer may do the following without judicial
 8 proceedings:

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

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

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

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

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

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

34 (B) requires the signature of the county treasurer.

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

37 (1) Delinquent taxes.

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

40 (e) A county treasurer that incurs attorney's fee expenses for legal
 41 services not related to formal judicial proceedings shall petition a
 42 circuit or superior court in the county for approval to pay the expenses.



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1 The court may conduct a hearing on the petition and may authorize the
2 auditor of the county to issue a warrant for the amount of the
3 reasonable expenses. The county treasurer shall pay the warrant
4 without an appropriation for the disbursement.

5 SECTION 10. IC 6-6-5.1-21, AS AMENDED BY P.L.9-2024,
6 SECTION 203, IS AMENDED TO READ AS FOLLOWS
7 [EFFECTIVE JULY 1, 2026]: Sec. 21. (a) The bureau, in the
8 administration and collection of the tax imposed by this chapter, may
9 use the services and facilities of:

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

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

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

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

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

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

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

41 The total amount collected by the department of state revenue that
42 represents interest or a penalty, minus a reasonable amount determined

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1 by the department to represent its administrative expenses, shall be
 2 deposited in the state general fund to the credit of the county in which
 3 the person resides. The amount shall be reported to the bureau on the
 4 first working day following the week of collection.

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

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

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

21 (1) the amount of delinquent taxes; and

22 (2) any interest or penalty described in subsection (e);

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

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

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

34 (1) in cash;

35 (2) by bank draft;

36 (3) by check;

37 (4) by cashier's check;

38 (5) by money order;

39 (6) by credit card, debit card, charge card, or similar method; or

40 (7) if approved by the department, by an electronic fund transfer
 41 (as defined in IC 4-8.1-2-7).

42 However, if a tax liability payment is made by bank draft, check,



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

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

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

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

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

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

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

- 30 (1) credit card;
- 31 (2) debit card;
- 32 (3) charge card; or
- 33 (4) stored value card.
- 34 (b) The commission shall accept a payment to the commission for
 35 any purpose by any of the following financial instruments:
- 36 (1) Cash.
- 37 (2) Certified check.
- 38 (3) Cashier's check.
- 39 (4) Check drawn on the bank deposit of a business.
- 40 (5) Valid postal money order of the United States.
- 41 (6) Bank draft.
- 42 (7) Money order.



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- 1 (8) Bank card or credit card.
- 2 (9) Electronic funds transfer.
- 3 (10) Any other financial instrument authorized by the
- 4 commission.
- 5 (c) If there is a charge to the commission for the use of a financial
- 6 instrument, the commission may collect a sum equal to the amount of
- 7 the charge from the person who uses the financial instrument.
- 8 (d) A procedure authorized for a particular type of payment must
- 9 be uniformly applied to all payments of the same type.
- 10 (e) The commission may contract with a bank card or credit card
- 11 vendor for acceptance of bank cards or credit cards. However, if there
- 12 is a vendor transaction charge or discount fee, whether billed to the
- 13 commission or charged directly to the commission's account, the
- 14 commission may collect from the person using the card:
 - 15 (1) an official fee that may not exceed the transaction charge or
 - 16 discount fee charged to the commission by bank or credit card
 - 17 vendors; or
 - 18 (2) a reasonable convenience fee:
 - 19 (A) that may not exceed three dollars (\$3); and
 - 20 (B) that must be uniform regardless of the bank card or
 - 21 credit card used.
- 22 The fees described in subdivisions (1) and (2) may be collected
- 23 regardless of retail merchant agreements between the bank and credit
- 24 card vendors that may prohibit such fees. These fees are permitted
- 25 additional charges under ~~IC 24-4.5-3-202~~ IC 37-2-4-5.
- 26 (f) The commission may pay any applicable bank card or credit
- 27 card service charge associated with the use of a bank card or credit card
- 28 under this section.
- 29 SECTION 14. IC 22-2-6-2, AS AMENDED BY P.L.147-2019,
- 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31 JULY 1, 2026]: Sec. 2. (a) Any assignment of the wages of an
- 32 employee is valid only if all of the following conditions are satisfied:
 - 33 (1) The assignment is:
 - 34 (A) in writing;
 - 35 (B) signed by the employee personally;
 - 36 (C) by its terms revocable at any time by the employee upon
 - 37 written notice to the employer; and
 - 38 (D) agreed to in writing by the employer.
 - 39 (2) An executed copy of the assignment is delivered to the
 - 40 employer within ten (10) days after its execution.
 - 41 (3) The assignment is made for a purpose described in
 - 42 subsection (b).

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- 1 (b) A wage assignment under this section may be made for the
- 2 purpose of paying any of the following:
- 3 (1) Premium on a policy of insurance obtained for the employee
- 4 by the employer.
- 5 (2) Pledge or contribution of the employee to a charitable or
- 6 nonprofit organization.
- 7 (3) Purchase price of bonds or securities, issued or guaranteed by
- 8 the United States.
- 9 (4) Purchase price of shares of stock, or fractional interests in
- 10 shares of stock, of the employing company, or of a company
- 11 owning the majority of the issued and outstanding stock of the
- 12 employing company, whether purchased from such company, in
- 13 the open market or otherwise. However, if such shares are to be
- 14 purchased on installments pursuant to a written purchase
- 15 agreement, the employee has the right under the purchase
- 16 agreement at any time before completing purchase of such shares
- 17 to cancel said agreement and to have repaid promptly the amount
- 18 of all installment payments which theretofore have been made.
- 19 (5) Dues to become owing by the employee to a labor
- 20 organization of which the employee is a member.
- 21 (6) Purchase price of merchandise, goods, or food offered by the
- 22 employer and sold to the employee, for the employee's benefit,
- 23 use, or consumption, at the written request of the employee.
- 24 (7) Amount of a loan made to the employee by the employer and
- 25 evidenced by a written instrument executed by the employee
- 26 subject to the amount limits set forth in section 4(c) of this
- 27 chapter.
- 28 (8) Contributions, assessments, or dues of the employee to a
- 29 hospital service or a surgical or medical expense plan or to an
- 30 employees' association, trust, or plan existing for the purpose of
- 31 paying pensions or other benefits to said employee or to others
- 32 designated by the employee.
- 33 (9) Payment to any credit union, nonprofit organizations, or
- 34 associations of employees of such employer organized under any
- 35 law of this state or of the United States.
- 36 (10) Payment to any person or organization regulated under the
- 37 Uniform Consumer Credit Code (~~IC 24-4.5~~) (**IC 37-2**) or
- 38 **IC 37-3 (small loans)** for deposit or credit to the employee's
- 39 account by electronic transfer or as otherwise designated by the
- 40 employee.
- 41 (11) Premiums on policies of insurance and annuities purchased
- 42 by the employee on the employee's life.

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- 1 (12) The purchase price of shares or fractional interest in shares
- 2 in one (1) or more mutual funds.
- 3 (13) A judgment owed by the employee if the payment:
- 4 (A) is made in accordance with an agreement between the
- 5 employee and the creditor; and
- 6 (B) is not a garnishment under IC 34-25-3.
- 7 (14) The purchase, rental, or use of uniforms, shirts, pants, or
- 8 other ~~job-related~~ **job related** clothing at an amount not to exceed
- 9 the direct cost paid by an employer to an external vendor for
- 10 those items.
- 11 (15) The purchase of equipment or tools necessary to fulfill the
- 12 duties of employment at an amount not to exceed the direct cost
- 13 paid by an employer to an external vendor for those items.
- 14 (16) Reimbursement for education or employee skills training.
- 15 However, a wage assignment may not be made if the education
- 16 or employee skills training benefits were provided, in whole or
- 17 in part, through an economic development incentive from any
- 18 federal, state, or local program.
- 19 (17) An advance for:
- 20 (A) payroll; or
- 21 (B) vacation;
- 22 pay.
- 23 (18) The employee's drug education and addiction treatment
- 24 services under IC 12-23-23.
- 25 (c) The interest rate charged on amounts loaned or advanced to an
- 26 employee and repaid under subsection (b) may not exceed the bank
- 27 prime loan interest rate as reported by the Board of Governors of the
- 28 Federal Reserve System or any successor rate, plus four percent (4%).
- 29 (d) The total amount of wages subject to assignment under
- 30 subsection (b)(14) and (b)(15) may not exceed the lesser of:
- 31 (1) two thousand five hundred dollars (\$2,500) per year; or
- 32 (2) five percent (5%) of the employee's weekly disposable
- 33 earnings (as defined in ~~IC 24-4.5-5-105(1)(a)~~);
- 34 IC 37-2-6-4(a)(1).
- 35 (e) Except as provided under 29 CFR Parts 1910, 1915, 1917,
- 36 1918, and 1926, an employee shall not be charged or subject to a wage
- 37 assignment under subsection (b)(14) or (b)(15) for protective
- 38 equipment including personal protective equipment identified under 29
- 39 CFR Parts 1910, 1915, 1917, 1918, and 1926.
- 40 SECTION 15. IC 22-4-13.3-4, AS AMENDED BY P.L.66-2018,
- 41 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 42 JULY 1, 2026]: Sec. 4. (a) An employer that receives a notice to

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1 withhold income under section 3 of this chapter shall do the following:
 2 (1) Verify the individual's employment to the department.
 3 (2) Withhold from the income due to the individual each pay
 4 period an amount:
 5 (A) determined in accordance with; and
 6 (B) subject to the limitations of and priority established by;
 7 ~~IC 24-4.5-5-105~~ IC 37-2-6-4 in the same manner as a
 8 garnishment. An income withholding under this chapter is not an
 9 assignment of wages under IC 22-2-6.
 10 (3) Begin withholding the amount determined under subdivision
 11 (2) from the individual's income beginning with the first pay
 12 period that occurs not later than fourteen (14) days after the date
 13 the employer receives the notice sent under section 3 of this
 14 chapter.
 15 (4) Remit the amount withheld under subdivision (2) to the
 16 department by check or electronic payment (as defined by
 17 IC 5-27-2-3) not later than seven (7) days after the date of each
 18 regularly scheduled pay day.
 19 (5) Continue withholding under this section until:
 20 (A) the department notifies the employer to discontinue the
 21 withholding; or
 22 (B) the full amount required to be paid to the department
 23 has been paid, as indicated by a written statement to the
 24 employer from the department.
 25 (6) Notify the department, if the individual subject to
 26 withholding terminates employment, including the individual's
 27 last known address and the name of any new employer, if known.
 28 (b) An employer that is required to withhold income under
 29 subsection (a)(2) may collect a fee equal to twelve dollars (\$12). If the
 30 employer chooses to impose a fee, the fee shall be allocated as follows:
 31 (1) Fifty percent (50%) of the fee shall be paid by the individual
 32 subject to withholding, and that amount is deductible by the
 33 employer from the individual's disposable earnings (as defined
 34 in ~~IC 24-4.5-5-105(1)(a)~~ IC 37-2-6-4(a)(1)).
 35 (2) Fifty percent (50%) of the fee shall be paid by the
 36 department.
 37 The fee may be collected only once by an employer for each notice
 38 provided by the department under section 3 of this chapter. The
 39 employer may collect the entire fee from one (1) or more of the initial
 40 withholdings from the individual's disposable earnings, or alternatively,
 41 the employer may collect the fee ratably over the number of pay
 42 periods for which the withholdings from the individual's disposable

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1 earnings are required. If an employer chooses to collect a fee under this
2 subsection, the employer shall notify the department in the manner and
3 form prescribed by the department, and the amount to be withheld must
4 be reduced, if necessary, to avoid exceeding the maximum amount
5 permitted to be deducted under ~~IC 24-4.5-5-105(3)~~. IC 37-2-6-4(c). A
6 fee collected under this subsection is not an assignment of wages under
7 IC 22-2-6.

8 SECTION 16. IC 22-4-13.3-7, AS AMENDED BY P.L.93-2024,
9 SECTION 156, IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) An employer that complies
11 with a notice described in section 3 of this chapter that is regular on its
12 face is not liable in any civil action for any conduct taken in
13 compliance with the notice.

14 (b) An employer that complies with a notice described in section
15 3 of this chapter is discharged from liability to an employee for the part
16 of the employee's income that was withheld in compliance with the
17 notice.

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

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

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

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

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

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

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

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

41 (e) "Commission attorney" means the deputy attorney general,
42 such assistants of the attorney general as may be assigned to the

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1 commission, or such other attorney as may be engaged by the
2 commission.

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

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

8 (h) "Employer" means the state or any political or civil subdivision
9 thereof and any person employing six (6) or more persons within the
10 state, except that the term "employer" does not include:

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

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

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

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

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

21 (2) in the domestic service of any person.

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

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

28 (l) "Discriminatory practice" means:

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

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

35 (3) the promotion of racial segregation or separation in any
36 manner, including but not limited to the inducing of or the
37 attempting to induce for profit any person to sell or rent any
38 dwelling by representations regarding the entry or prospective

39 entry in the neighborhood of a person or persons of a particular
40 race, religion, color, sex, disability, national origin, or ancestry;

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



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1 (5) the performance of an abortion solely because of the race,
 2 color, sex, disability, national origin, or ancestry of the fetus; or
 3 (6) a violation of any of the following statutes protecting the
 4 right of conscience regarding abortion:

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

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

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

8 Every discriminatory practice relating to the acquisition or sale of real
 9 estate, education, public accommodations, employment, or the
 10 extending of credit (as defined in ~~IC 24-4.5-1-301.5~~ IC 37-2-2-14)
 11 shall be considered unlawful unless it is specifically exempted by this
 12 chapter.

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

15 (n) "Complainant" means:

- 16 (1) any individual charging on the individual's own behalf to
 17 have been personally aggrieved by a discriminatory practice; or
 18 (2) the director or deputy director of the commission charging
 19 that a discriminatory practice was committed against a person
 20 (other than the director or deputy director) or a class of people,
 21 in order to vindicate the public policy of the state (as defined in
 22 section 2 of this chapter).

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

- 24 (1) sufficiently complete and filed by a complainant with the
 25 commission; or
 26 (2) filed by a complainant as a civil action in the circuit or
 27 superior court having jurisdiction in the county in which the
 28 alleged discriminatory practice occurred.

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

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

- 32 (1) the full name and address of the complainant;
 33 (2) the name and address of the respondent against whom the
 34 complaint is made;
 35 (3) the alleged discriminatory practice and a statement of
 36 particulars thereof;
 37 (4) the date or dates and places of the alleged discriminatory
 38 practice and if the alleged discriminatory practice is of a
 39 continuing nature the dates between which continuing acts of
 40 discrimination are alleged to have occurred; and
 41 (5) a statement as to any other action, civil or criminal, instituted
 42 in any other form based upon the same grievance alleged in the



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1 complaint, together with a statement as to the status or
2 disposition of the other action.

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

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

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

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

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

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

31 (s) "Veteran" means:

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

35 SECTION 18. IC 23-0.5-9-58, AS ADDED BY P.L.118-2017,
36 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2026]: Sec. 58. The secretary of state may accept payment of
38 the correct filing fee by credit card, debit card, charge card, or similar
39 method. However, if the filing fee is paid by credit card, debit card,
40 charge card, or similar method, the liability is not finally discharged
41 until the secretary of state receives payment or credit from the
42 institution responsible for making the payment or credit. The secretary

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

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

- 17 (1) procures;
 - 18 (2) attempts to procure; or
 - 19 (3) assists in procuring;
- 20 a residential mortgage loan from a third party, regardless of whether the
21 person seeking the loan obtains the loan.

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

- 23 (1) a supervised financial organization (as defined in
24 IC 26-1-4-102.5), including a bank, savings bank, trust company,
25 savings association, or credit union;
- 26 (2) another financial institution that is:
 - 27 (A) regulated by an agency of the United States or a state;
28 and
 - 29 (B) regularly actively engaged in the business of:
 - 30 (i) making consumer loans that are not secured by real
31 estate; or
 - 32 (ii) taking assignment of consumer sales contracts that
33 are not secured by real estate;
- 34 (3) an insurance company;
- 35 (4) a person arranging financing for the sale of the person's
36 product; or
- 37 (5) a creditor that is licensed under ~~IC 24-4.4-2-402~~.
38 **IC 37-1-3-5.**

39 SECTION 20. IC 23-2.5-8-3, AS ADDED BY P.L.175-2019,
40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2026]: Sec. 3. (a) If a transaction for which a loan broker has
42 charged a fee is rescinded by a person under the federal Truth in

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1 Lending Act (15 U.S.C. 1601-1667e) within twenty (20) calendar days
2 after the date on which a notice of the rescission is delivered to the
3 creditor, the loan broker shall return to the person any consideration
4 received by the loan broker other than bona fide third party fees.

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

10 SECTION 21. IC 23-2.5-11-16, AS ADDED BY P.L.175-2019,
11 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2026]: Sec. 16. In the securities division's investigative,
13 examination, and regulatory activities related to licensees under this
14 article, the securities division may cooperate with the Indiana
15 department of financial institutions in the regulation of a licensee that
16 conducts:

- 17 (1) business under this article; and
- 18 (2) business that requires licensure under ~~IC 24-4.4~~ IC 37-1.

19 SECTION 22. IC 24-4.4 IS REPEALED [EFFECTIVE JULY 1,
20 2026]. (First Lien Mortgage Lending).

21 SECTION 23. IC 24-4.5 IS REPEALED [EFFECTIVE JULY 1,
22 2026]. (Uniform Consumer Credit Code).

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

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

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

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

- 38 (1) A telephone call made in response to an express request of
39 the person called.
- 40 (2) A telephone call made primarily in connection with an
41 existing debt or contract for which payment or performance has
42 not been completed at the time of the call.

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

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

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

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

11 (ii) The name, address, and telephone number of the
 12 charitable organization.

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

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

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

18 (5) A telephone call made by an individual licensed under
 19 IC 27-1-15.6 or IC 27-1-15.8 when the individual is soliciting an
 20 application for insurance or negotiating a policy of insurance on
 21 behalf of an insurer (as defined in IC 27-1-2-3).

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

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

27 (A) offers broadband Internet service; and

28 (B) has an established business relationship (as defined in
 29 47 CFR 64.1200) with the consumer.

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

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

33 (B) a person licensed by the department of financial
 34 institutions under ~~IC 24-4-4~~, ~~IC 24-4-5~~, IC 37-1, IC 37-2, or
 35 750 IAC 9;

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

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

42 (1) IC 28-1-1-3, other than a consumer finance institution

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1 licensed to make supervised or regulated loans under ~~IC 24-4.5;~~
 2 **IC 37-2;** or
 3 (2) 15 U.S.C. 6809(3).
 4 SECTION 27. IC 24-5-0.5-3, AS AMENDED BY P.L.104-2024,
 5 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2026]: Sec. 3. (a) A supplier may not commit an unfair,
 7 abusive, or deceptive act, omission, or practice in connection with a
 8 consumer transaction. Such an act, omission, or practice by a supplier
 9 is a violation of this chapter whether it occurs before, during, or after
 10 the transaction. An act, omission, or practice prohibited by this section
 11 includes both implicit and explicit misrepresentations.
 12 (b) Without limiting the scope of subsection (a), the following
 13 acts, and the following representations as to the subject matter of a
 14 consumer transaction, made orally, in writing, or by electronic
 15 communication, by a supplier, are deceptive acts:
 16 (1) That such subject of a consumer transaction has sponsorship,
 17 approval, performance, characteristics, accessories, uses, or
 18 benefits it does not have which the supplier knows or should
 19 reasonably know it does not have.
 20 (2) That such subject of a consumer transaction is of a particular
 21 standard, quality, grade, style, or model, if it is not and if the
 22 supplier knows or should reasonably know that it is not.
 23 (3) That such subject of a consumer transaction is new or
 24 unused, if it is not and if the supplier knows or should reasonably
 25 know that it is not.
 26 (4) That such subject of a consumer transaction will be supplied
 27 to the public in greater quantity than the supplier intends or
 28 reasonably expects.
 29 (5) That replacement or repair constituting the subject of a
 30 consumer transaction is needed, if it is not and if the supplier
 31 knows or should reasonably know that it is not.
 32 (6) That a specific price advantage exists as to such subject of a
 33 consumer transaction, if it does not and if the supplier knows or
 34 should reasonably know that it does not.
 35 (7) That the supplier has a sponsorship, approval, or affiliation
 36 in such consumer transaction the supplier does not have, and
 37 which the supplier knows or should reasonably know that the
 38 supplier does not have.
 39 (8) That such consumer transaction involves or does not involve
 40 a warranty, a disclaimer of warranties, or other rights, remedies,
 41 or obligations, if the representation is false and if the supplier
 42 knows or should reasonably know that the representation is false.

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- 1 (9) That the consumer will receive a rebate, discount, or other
 2 benefit as an inducement for entering into a sale or lease in
 3 return for giving the supplier the names of prospective
 4 consumers or otherwise helping the supplier to enter into other
 5 consumer transactions, if earning the benefit, rebate, or discount
 6 is contingent upon the occurrence of an event subsequent to the
 7 time the consumer agrees to the purchase or lease.
- 8 (10) That the supplier is able to deliver or complete the subject
 9 of the consumer transaction within a stated period of time, when
 10 the supplier knows or should reasonably know the supplier could
 11 not. If no time period has been stated by the supplier, there is a
 12 presumption that the supplier has represented that the supplier
 13 will deliver or complete the subject of the consumer transaction
 14 within a reasonable time, according to the course of dealing or
 15 the usage of the trade.
- 16 (11) That the consumer will be able to purchase the subject of
 17 the consumer transaction as advertised by the supplier, if the
 18 supplier does not intend to sell it.
- 19 (12) That the replacement or repair constituting the subject of a
 20 consumer transaction can be made by the supplier for the
 21 estimate the supplier gives a customer for the replacement or
 22 repair, if the specified work is completed and:
- 23 (A) the cost exceeds the estimate by an amount equal to or
 24 greater than ten percent (10%) of the estimate;
- 25 (B) the supplier did not obtain written permission from the
 26 customer to authorize the supplier to complete the work
 27 even if the cost would exceed the amounts specified in
 28 clause (A);
- 29 (C) the total cost for services and parts for a single
 30 transaction is more than seven hundred fifty dollars (\$750);
 31 and
- 32 (D) the supplier knew or reasonably should have known that
 33 the cost would exceed the estimate in the amounts specified
 34 in clause (A).
- 35 (13) That the replacement or repair constituting the subject of a
 36 consumer transaction is needed, and that the supplier disposes of
 37 the part repaired or replaced earlier than seventy-two (72) hours
 38 after both:
- 39 (A) the customer has been notified that the work has been
 40 completed; and
- 41 (B) the part repaired or replaced has been made available
 42 for examination upon the request of the customer.

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

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- 1 Practices Act (15 U.S.C. 1692 et seq.).
- 2 (21) A violation of IC 24-5-7 (concerning health spa services),
- 3 as set forth in IC 24-5-7-17.
- 4 (22) A violation of IC 24-5-8 (concerning business opportunity
- 5 transactions), as set forth in IC 24-5-8-20.
- 6 (23) A violation of IC 24-5-10 (concerning home consumer
- 7 transactions), as set forth in IC 24-5-10-18.
- 8 (24) A violation of IC 24-5-11 (concerning real property
- 9 improvement contracts), as set forth in IC 24-5-11-14.
- 10 (25) A violation of IC 24-5-12 (concerning telephone
- 11 solicitations), as set forth in IC 24-5-12-23.
- 12 (26) A violation of IC 24-5-13.5 (concerning buyback motor
- 13 vehicles), as set forth in IC 24-5-13.5-14.
- 14 (27) A violation of IC 24-5-14 (concerning automatic
- 15 dialing-announcing devices), as set forth in IC 24-5-14-13.
- 16 (28) A violation of IC 24-5-15 (concerning credit services
- 17 organizations), as set forth in IC 24-5-15-11.
- 18 (29) A violation of IC 24-5-16 (concerning unlawful motor
- 19 vehicle subleasing), as set forth in IC 24-5-16-18.
- 20 (30) A violation of IC 24-5-17 (concerning environmental
- 21 marketing claims), as set forth in IC 24-5-17-14.
- 22 (31) A violation of IC 24-5-19 (concerning deceptive
- 23 commercial solicitation), as set forth in IC 24-5-19-11.
- 24 (32) A violation of IC 24-5-21 (concerning prescription drug
- 25 discount cards), as set forth in IC 24-5-21-7.
- 26 (33) A violation of IC 24-5-23.5-7 (concerning real estate
- 27 appraisals), as set forth in IC 24-5-23.5-9.
- 28 (34) A violation of IC 24-5-26 (concerning identity theft), as set
- 29 forth in IC 24-5-26-3.
- 30 (35) A violation of ~~IC 24-5-5~~ IC 37-4 (concerning mortgage
- 31 rescue fraud), as set forth in ~~IC 24-5-5-6-1~~ IC 37-4-5-1.
- 32 (36) A violation of IC 24-8 (concerning promotional gifts and
- 33 contests), as set forth in IC 24-8-6-3.
- 34 (37) A violation of IC 21-18.5-6 (concerning representations
- 35 made by a postsecondary credit bearing proprietary educational
- 36 institution), as set forth in IC 21-18.5-6-22.5.
- 37 (38) A violation of IC 24-5-15.5 (concerning collection actions
- 38 of a plaintiff debt buyer), as set forth in IC 24-5-15.5-6.
- 39 (39) A violation of IC 24-14 (concerning towing services), as set
- 40 forth in IC 24-14-10-1.
- 41 (40) A violation of IC 24-5-14.5 (concerning misleading or
- 42 inaccurate caller identification information), as set forth in

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1 IC 24-5-14.5-12.
 2 (41) A violation of IC 24-5-27 (concerning intrastate inmate
 3 calling services), as set forth in IC 24-5-27-27.
 4 (42) A violation of IC 15-21 (concerning sales of dogs by retail
 5 pet stores), as set forth in IC 15-21-7-4.
 6 (43) A violation of IC 24-4-23 (concerning the security of
 7 information collected and transmitted by an adult oriented
 8 website operator), as set forth in IC 24-4-23-14.
 9 (c) Any representations on or within a product or its packaging or
 10 in advertising or promotional materials which would constitute a
 11 deceptive act shall be the deceptive act both of the supplier who places
 12 such representation thereon or therein, or who authored such materials,
 13 and such other suppliers who shall state orally or in writing that such
 14 representation is true if such other supplier shall know or have reason
 15 to know that such representation was false.
 16 (d) If a supplier shows by a preponderance of the evidence that an
 17 act resulted from a bona fide error notwithstanding the maintenance of
 18 procedures reasonably adopted to avoid the error, such act shall not be
 19 deceptive within the meaning of this chapter.
 20 (e) It shall be a defense to any action brought under this chapter
 21 that the representation constituting an alleged deceptive act was one
 22 made in good faith by the supplier without knowledge of its falsity and
 23 in reliance upon the oral or written representations of the manufacturer,
 24 the person from whom the supplier acquired the product, any testing
 25 organization, or any other person provided that the source thereof is
 26 disclosed to the consumer.
 27 (f) For purposes of subsection (b)(12), a supplier that provides
 28 estimates before performing repair or replacement work for a customer
 29 shall give the customer a written estimate itemizing as closely as
 30 possible the price for labor and parts necessary for the specific job
 31 before commencing the work.
 32 (g) For purposes of subsection (b)(15) and (b)(16), a telephone
 33 company or other provider of a telephone directory or directory
 34 assistance service or its officer or agent is immune from liability for
 35 publishing the listing of an alternate business name or assumed
 36 business name of a supplier in its directory or directory assistance data
 37 base unless the telephone company or other provider of a telephone
 38 directory or directory assistance service is the same person as the
 39 supplier who has committed the deceptive act.
 40 (h) For purposes of subsection (b)(18), it is an affirmative defense
 41 to any action brought under this chapter that the product has been
 42 altered by a person other than the defendant to render the product

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1 completely incapable of serving its original purpose.

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

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

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

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

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

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

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

34 NOTICE OF CANCELLATION

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

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

41 _____
42 (name of seller)



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1 _____
 2 (address of seller)
 3 (place of business)
 4 not later than midnight _____
 5 (date)
 6 "I hereby cancel this transaction". _____
 7 (date)
 8 _____
 9 (buyer's signature)
 10 (c) A credit services organization shall give a copy of the
 11 completed contract and all other documents required by the credit
 12 services organization to the buyer at the time the contract and the
 13 documents are signed.
 14 (d) If a contract is subject to this chapter and to ~~IC 24-5.5;~~
 15 ~~IC 24-5.5-4,~~ IC 37-4, IC 37-4-3 applies to the contract.
 16 SECTION 29. IC 24-5-23.5-3, AS ADDED BY P.L.52-2009,
 17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2026]: Sec. 3. (a) As used in this chapter, "creditor" means a
 19 person:
 20 (1) that regularly engages in Indiana in the extension of
 21 mortgage loans that are subject to a credit service charge or loan
 22 finance charge, as applicable, or are payable by written
 23 agreement in more than four (4) installments (not including a
 24 down payment); and
 25 (2) to whom the obligation arising from a mortgage loan is
 26 initially payable, either on the face of the note or contract, or by
 27 agreement if there is not a note or contract.
 28 (b) The term does not include a person described in:
 29 (1) ~~IC 24-9-2-6(a)(2)~~ IC 37-5-2-6(a)(2) if the person described
 30 in ~~IC 24-9-2-6(a)(2)~~ IC 37-5-2-6-6(a)(2) is not the person
 31 extending the credit in the transaction; or
 32 (2) ~~IC 24-9-2-6(b)~~ IC 37-5-2-6(b).
 33 SECTION 30. IC 24-5-23.5-4, AS AMENDED BY P.L.13-2013,
 34 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2026]: Sec. 4. (a) As used in this chapter, "mortgage loan"
 36 means a loan in which a mortgage (or another equivalent consensual
 37 security interest) that constitutes a lien is created or retained against an
 38 interest in real property in Indiana.
 39 (b) The term includes the following:
 40 (1) A home loan subject to ~~IC 24-9-~~ IC 37-5.
 41 (2) A loan described in ~~IC 24-9-1-1,~~ IC 37-5-1-1, to the extent
 42 allowed under federal law.

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- 1 (3) A first lien mortgage transaction (as defined in
- 2 ~~IC 24-4.4-1-301~~ IC 37-1-2) subject to ~~IC 24-4.4.~~ IC 37-1.
- 3 (4) A consumer credit sale subject to ~~IC 24-4.5-2~~ IC 37-2-3 in
- 4 which a mortgage (or another equivalent consensual security
- 5 interest) that constitutes a lien is created or retained against an
- 6 interest in real property in Indiana.
- 7 (5) A consumer loan subject to ~~IC 24-4.5-3~~ IC 37-2-4 in which
- 8 a mortgage (or another equivalent consensual security interest)
- 9 that constitutes a lien is created or retained against an interest in
- 10 real property in Indiana.
- 11 (6) A loan in which a mortgage (or another equivalent
- 12 consensual security interest) that constitutes a lien is created or
- 13 retained against land:
- 14 (A) that is located in Indiana;
- 15 (B) upon which there is a dwelling that is not or will not be
- 16 used by the borrower primarily for personal, family, or
- 17 household purposes; and
- 18 (C) that is classified as residential for property tax purposes.
- 19 The term includes a loan that is secured by land in Indiana upon
- 20 which there is a dwelling that is purchased by or through the
- 21 borrower for investment or other business purposes.
- 22 (c) The term does not include a land contract.
- 23 SECTION 31. IC 24-5-23.6-1, AS ADDED BY P.L.115-2010,
- 24 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 25 JULY 1, 2026]: Sec. 1. (a) As used in this chapter, "creditor" means:
- 26 (1) a person:
- 27 (A) that engages in Indiana in the extension of mortgages
- 28 that are subject to a credit service charge or loan finance
- 29 charge, as applicable, or are payable by written agreement
- 30 in more than four (4) installments (not including a down
- 31 payment); and
- 32 (B) to whom the obligation arising from a mortgage is
- 33 initially payable, either on the face of the note or contract,
- 34 or by agreement if there is not a note or contract; or
- 35 (2) a person who brokers a mortgage, including a person who:
- 36 (A) directly or indirectly solicits, processes, places, or
- 37 negotiates mortgages for others;
- 38 (B) offers to solicit, process, place, or negotiate mortgages
- 39 for others; or
- 40 (C) closes mortgages that may be in the person's own name
- 41 with funds provided by others and that are thereafter
- 42 assigned to the person providing funding for the mortgages.

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1 (b) The term does not include a person described in
2 ~~IC 24-9-2-6(b)~~; IC 37-5-2-6(b).

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

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

- 14 (1) A home loan subject to ~~IC 24-9-~~ IC 37-5.
- 15 (2) A loan described in ~~IC 24-9-1-1;~~ IC 37-5-1-1, to the extent
16 allowed under federal law.
- 17 (3) A first lien mortgage transaction (as defined in
18 ~~IC 24-4.4-1-301~~) IC 37-1-2) subject to ~~IC 24-4.4.~~ IC 37-1.

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

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

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

32 [\[SECTION 34. IC 24-5.5 IS REPEALED \[EFFECTIVE JULY 1,](#)
33 [2026\]. \(Mortgage Rescue Protection Fraud\).](#)

34] SECTION 3~~4~~[5]. IC 24-7-1-2, AS AMENDED BY
35 P.L.159-2017, SECTION 20, IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. Except as provided
37 in this article, the provisions of:

- 38 (1) the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.)
39 and regulations adopted under that act;
- 40 (2) ~~IC 24-4.5;~~ IC 37-2;
- 41 (3) IC 26-1-1-201(37);
- 42 (4) IC 26-1-2 concerning the creation of a security interest in

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1 property;
2 (5) IC 26-1-9.1; and
3 (6) rules adopted under the statutes described in subdivisions (2)
4 through (5);
5 do not apply to a rental purchase agreement.

6 SECTION 3~~5~~[6]. IC 24-7-1-5, AS AMENDED BY
7 P.L.176-2019, SECTION 28, IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) Rental purchase
9 agreements involving:

- 10 (1) motor vehicles (as defined in IC 9-13-2-105(a)), including:
11 (A) component parts (as defined in IC 9-13-2-34);
12 (B) major component parts (as defined in IC 9-13-2-95);
13 and
14 (C) any other parts (as defined in IC 9-13-2-122) other than:
15 (i) wheels;
16 (ii) rims; and
17 (iii) tires;
18 necessary to operate a motor vehicle;
19 (2) other titled property; or
20 (3) live domestic animals (as defined in IC 34-30-30-1);
21 are prohibited under this article.

22 (b) If the director determines that a transaction described in
23 IC 24-7-2-9(a) involves the application of subterfuge for the purpose
24 of avoiding the application of the Uniform Consumer Credit Code
25 (~~IC 24-4-5~~), (IC 37-2), the director may treat the transaction as a
26 disguised consumer credit sale that is subject to ~~IC 24-4-5~~. IC 37-2. A
27 determination by the director under this subsection:

- 28 (1) must be in writing;
29 (2) shall be delivered to all parties in the transaction; and
30 (3) is subject to IC 4-21.5-3.

31 SECTION 3~~6~~[7]. IC 24-7-1-7, AS ADDED BY P.L.89-2011,
32 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2026]: Sec. 7. This article does not apply to the rental
34 purchase of a dwelling (as defined in ~~IC 24-4-1-301(11)~~);
35 IC 37-1-2-15), regardless of whether the dwelling is assessed as real or
36 personal property for property tax purposes.

37 SECTION 3~~7~~[8]. IC 24-7-2-2 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. "Department" has the
39 meaning set forth in ~~IC 24-4-5-6-103~~. IC 37-2-2-15.7.

40 SECTION 3~~8~~[9]. IC 24-7-2-2.5, AS ADDED BY P.L.159-2017,
41 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JULY 1, 2026]: Sec. 2.5. "Consumer Credit Protection Act" has the

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1 meaning set forth in ~~IC 24-4.5-1-302~~. **IC 37-2-2-11.**

2 SECTION ~~39~~ **[40]**. IC 24-7-6-4 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) ~~IC 24-4.5-5-105~~
4 **and IC 24-4.5-5-106** IC 37-2-6-4 and IC 37-2-6-5 apply to
5 garnishments related to a rental purchase agreement.

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

11 SECTION ~~4~~ **[1]**. IC 24-7-7-1, AS AMENDED BY
12 P.L.93-2024, SECTION 175, IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The department
14 shall enforce this article. To carry out this responsibility, the
15 department may do the following:

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

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

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

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

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

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

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

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

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

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

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

38 (b) If the department determines, after notice and an opportunity
39 to be heard, that a person has violated this article, or any order or rule
40 issued or adopted by the department under this article, the department
41 may, in addition to or instead of all other remedies available under this
42 section, impose upon the person a civil penalty not greater than ten



1 thousand dollars (\$10,000) per violation.

2 SECTION 4<1>[2]. <IC 24-9-2-8>[IC 24-9] IS <AMENDED TO
3 READ AS FOLLOWS>[REPEALED] [EFFECTIVE JULY 1, 2026]<

4 Sec. 8. (a) "High cost home loan" means a home loan with:

- 5 — (1) a trigger rate that exceeds the benchmark rate; or
- 6 — (2) total points and fees that exceed:
 - 7 — (A) five percent (5%) of the loan principal for a home loan
 - 8 having a loan principal of at least forty thousand dollars
 - 9 (\$40,000); or
 - 10 — (B) six percent (6%) of the loan principal for a home loan
 - 11 having a loan principal of less than forty thousand dollars
 - 12 (\$40,000).

13 — (b) Beginning July 1, 2006, the dollar amounts set forth in this
14 section are subject to change at the times and according to the
15 procedure set forth in the provisions of IC 24-4.5-1-106 IC 37-2-1-5
16 concerning the adjustment of dollar amounts in IC 24-4.5. IC 37-2.

17 — SECTION 42. IC 24-9-3-7, AS AMENDED BY P.L.13-2013,
18 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2026]: Sec. 7. (a) As used in this section, "mortgage
20 transaction" includes the following:

- 21 — (1) A home loan subject to this article.
- 22 — (2) To the extent allowed under federal law, a loan described in
23 IC 24-9-1-1 that is secured by a mortgage or a land contract (or
24 another consensual security interest equivalent to a mortgage or
25 a land contract) on real estate in Indiana on which there is
26 located or will be located a structure or structures:
 - 27 — (A) designed primarily for occupancy of one (1) to four (4)
 - 28 families; and
 - 29 — (B) that is or will be occupied by a borrower as the
 - 30 borrower's principal dwelling.
- 31 — (3) A first lien mortgage transaction (as defined in
32 IC 24-4.4-1-301) IC 37-1-2-18) 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 a land contract (or another consensual
35 security interest equivalent to a mortgage or a land contract) that
36 constitutes a lien is created or retained against land:
 - 37 — (A) that is located in Indiana; and
 - 38 — (B) upon which there is constructed or intended to be
 - 39 constructed a dwelling that is or will be used by the debtor
 - 40 primarily for personal, family, or household purposes.
- 41 — (5) A consumer loan subject to IC 24-4.5-3 IC 37-2-4 in which
42 a mortgage or a land contract (or another consensual security

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- 1 ~~interest equivalent to a mortgage or a land contract) that~~
- 2 ~~constitutes a lien is created or retained against land:~~
- 3 ~~—— (A) that is located in Indiana; and~~
- 4 ~~—— (B) upon which there is constructed or intended to be~~
- 5 ~~constructed a dwelling that is or will be used by the debtor~~
- 6 ~~primarily for personal, family, or household purposes.~~
- 7 ~~—— (6) A loan in which a mortgage or a land contract (or another~~
- 8 ~~consensual security interest equivalent to a mortgage or a land~~
- 9 ~~contract) that constitutes a lien is created or retained against~~
- 10 ~~land:~~
- 11 ~~—— (A) that is located in Indiana;~~
- 12 ~~—— (B) upon which there is constructed or intended to be~~
- 13 ~~constructed a dwelling that is not or will not be used by the~~
- 14 ~~borrower primarily for personal, family, or household~~
- 15 ~~purposes; and~~
- 16 ~~—— (C) that is classified as residential for property tax purposes.~~
- 17 ~~—— The term includes a loan that is secured by land in Indiana upon~~
- 18 ~~which there is constructed or intended to be constructed a~~
- 19 ~~dwelling that is purchased by or through the borrower for~~
- 20 ~~investment or other business purposes.~~
- 21 ~~—— (7) A reverse mortgage transaction that is secured by real estate~~
- 22 ~~in Indiana on which there is located a structure that is occupied~~
- 23 ~~by a borrower as the borrower's principal dwelling.~~
- 24 ~~—— (b) As used in this section, "real estate transaction" means the sale~~
- 25 ~~or lease of any legal or equitable interest in real estate:~~
- 26 ~~—— (1) that is located in Indiana;~~
- 27 ~~—— (2) upon which there is constructed or intended to be constructed~~
- 28 ~~a dwelling; and~~
- 29 ~~—— (3) that is classified as residential for property tax purposes.~~
- 30 ~~—— (c) A person may not do any of the following:~~
- 31 ~~—— (1) Divide a home loan transaction into separate parts with the~~
- 32 ~~intent of evading a provision of this article.~~
- 33 ~~—— (2) Structure a home loan transaction as an open-end loan with~~
- 34 ~~the intent of evading the provisions of this article if the home~~
- 35 ~~loan would be a high cost home loan if the home loan had been~~
- 36 ~~structured as a closed-end loan.~~
- 37 ~~—— (3) Engage in a deceptive act in connection with a mortgage~~
- 38 ~~transaction or a real estate transaction.~~
- 39 ~~—— (4) Engage in, or solicit to engage in, a real estate transaction or~~
- 40 ~~a mortgage transaction without a permit or license required by~~
- 41 ~~law.~~
- 42 ~~—— (5) With respect to a real estate transaction or a mortgage~~

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1 ~~transaction, represent that:~~
2 ~~(A) the transaction has:~~
3 ~~(i) certain terms or conditions; or~~
4 ~~(ii) the sponsorship or approval of a particular person~~
5 ~~or entity;~~
6 ~~that it does not have and that the person knows or~~
7 ~~reasonably should know it does not have; or~~
8 ~~(B) the real estate or property that is the subject of the~~
9 ~~transaction has any improvements, appurtenances, uses,~~
10 ~~characteristics, or associated benefits that it does not have~~
11 ~~and that the person knows or reasonably should know it~~
12 ~~does not have:~~
13 ~~(6) Maintain or offer to maintain an account for the receipt of~~
14 ~~funds for the payment of real estate taxes and insurance unless~~
15 ~~the person is any of the following:~~
16 ~~(A) Any of the following that is chartered under the laws of~~
17 ~~a state or the United States:~~
18 ~~(i) A bank.~~
19 ~~(ii) A savings and loan association.~~
20 ~~(iii) A credit union.~~
21 ~~(iv) A savings bank.~~
22 ~~(B) The creditor in a mortgage transaction.~~
23 ~~(C) A mortgage servicer acting on behalf of the creditor in~~
24 ~~a mortgage transaction.~~
25 ~~(D) A closing agent (as defined in IC 27-7-3.7-1).~~
26 ~~(7) Fail to provide the notice required under subsection (d),~~
27 ~~within the time specified in subsection (d), if the person is a~~
28 ~~seller in a real estate transaction described in subsection (d):~~
29 ~~(d) This subsection applies to a real estate transaction that involves~~
30 ~~a land contract between the seller and the buyer in the transaction. If~~
31 ~~the real estate that is the subject of the transaction is subject to any~~
32 ~~encumbrance, including any tax lien, foreclosure action, legal~~
33 ~~judgment, or other encumbrance affecting the title to the real estate, the~~
34 ~~seller must provide written notice by certified mail, return receipt~~
35 ~~requested, of the encumbrance to the buyer:~~
36 ~~(1) not later than the time the land contract is executed, if the~~
37 ~~encumbrance is created before or at the time the land contract is~~
38 ~~executed; or~~
39 ~~(2) not later than ten (10) business days after the encumbrance~~
40 ~~is created, if the encumbrance is created after the land contract~~
41 ~~is executed.~~
42 ~~SECTION 43. IC 24-9-4-3 IS AMENDED TO READ AS~~

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1 ~~FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. Notwithstanding~~
 2 ~~IC 24-4.5-3-402, IC 37-2-4-15, a high cost home loan agreement may~~
 3 ~~not require a scheduled payment that is more than twice as large as the~~
 4 ~~average of earlier scheduled monthly payments under the high cost~~
 5 ~~home loan agreement unless the payment becomes due and payable at~~
 6 ~~least one hundred twenty (120) months after the date of the high cost~~
 7 ~~home loan. This prohibition does not apply if:~~

8 ~~— (1) the payment schedule is adjusted to account for the seasonal~~
 9 ~~or irregular income of the borrower; or~~

10 ~~— (2) the loan is a bridge loan connected with or related to the~~
 11 ~~acquisition or construction of a dwelling intended to become the~~
 12 ~~borrower's principal dwelling;~~

13 ~~— SECTION 44 > [(Home Loan Practices).~~

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

20 (b) The fund consists of:

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

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

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

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

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

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

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

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

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

41 (e) The treasurer of state shall invest the money in the fund not
 42 currently needed to meet the obligations of the fund in the same

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manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

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

SECTION 4-5-4. IC 24-12-5-1, AS AMENDED BY P.L.176-2019, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The department of financial institutions may enforce this article.

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

- (1) ~~IC 24-4.5-6~~; IC 37-2-7; and
- (2) IC 28-11-4;

including the authority to levy a civil penalty.

SECTION 4-6-5. IC 25-11-1-2, AS AMENDED BY P.L.159-2017, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. The term "collection agency" does not include the following:

- (a) Attorney at law.
- (b) Persons regularly employed on a regular wage or salary in the capacity of credit men or in a similar capacity except as an independent contractor.
- (c) Banks, trust departments, fiduciaries, and financial institutions, licensees under ~~IC 24-4.4~~ and ~~IC 24-4.5~~; IC 37-1 and IC 37-2, and licensees under IC 28-5-1.
- (d) Licensed real estate brokers.
- (e) Employees of licensees under this chapter.
- (f) Any person, firm, partnership, limited liability company, or corporation engaged in any business enterprise in the state whose primary object, business, or pursuit is not the collection of claims, as the term is defined by this chapter.
- (g) Any electric, gas, water, or telephone public utility and its respective employees, agents, representative agents, representatives, and individual contractors.
- (h) Any express company regulated under IC 8-2.1 or IC 8-3.

SECTION 4-7-6. 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.

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(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 4~~8~~[7]. 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 4~~9~~[8]. 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

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1 other extensions of credit, including ~~IC 24-4.5~~; IC 37-2 and
2 IC 37-3; and

3 (B) consumer protection statute or regulation.

4 SECTION ~~50~~[49]. IC 26-2-7-2, AS AMENDED BY
5 P.L.217-2007, SECTION 31, IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) As used in this
7 chapter, "financial institution" refers to a financial institution (as
8 defined in IC 28-1-1-3).

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

11 SECTION 5~~4~~[0]. IC 26-2-9-2 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. As used in this
13 chapter, "creditor" means:

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

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

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

32 SECTION 5~~4~~[1]. IC 27-1-31-1 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) Except as
34 provided in subsection (b), this chapter applies to all lines of
35 commercial property and casualty insurance.

36 (b) This chapter:

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

39 (2) does not affect requirements applying to:

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

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1 (B) the cancellation of property or liability insurance by a
 2 creditor under ~~IC 24-4.5-4-304~~ IC 37-2-5-17.
 3 SECTION 5 ~~↔~~ [2]. IC 27-7-3-22, AS AMENDED BY
 4 P.L.236-2025, SECTION 10, IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 22. (a) In a residential
 6 real estate transaction described in subsection (f) in which:
 7 (1) a title policy is issued by a company or title insurance
 8 producer on behalf of a company; and
 9 (2) the company or title insurance producer will also act as a
 10 settlement or closing agent;
 11 the company or title insurance producer shall issue a closing protection
 12 letter to the lender, borrower, buyer, and seller of the property. A
 13 company authorized to do business under section 3 of this chapter shall
 14 charge a fee approved under subsection (e) to each party receiving the
 15 benefit of a closing protection letter.
 16 (b) In a nonresidential real estate transaction in which:
 17 (1) a title policy is issued by a company or title insurance
 18 producer on behalf of a company; and
 19 (2) the company or title insurance producer will also act as a
 20 settlement or closing agent;
 21 the company or title insurance producer may issue a closing protection
 22 letter to the lender, borrower, buyer, and seller of the property on
 23 request.
 24 (c) A closing protection letter issued under this section must
 25 indemnify the party to which the closing protection letter is issued
 26 against any loss of settlement funds (under the terms and conditions of
 27 the closing protection letter) that results from the following acts of the
 28 company or title insurance producer that issues the closing protection
 29 letter:
 30 (1) Theft or misappropriation of settlement funds in connection
 31 with a transaction in which the title policy is issued, only to the
 32 extent that the theft or misappropriation relates to the:
 33 (A) status of title to; or
 34 (B) validity, enforceability, and priority of the lien of the
 35 mortgage on;
 36 the party's interest in land.
 37 (2) Failure to comply with the written closing instructions agreed
 38 to by the company or title insurance producer acting as the
 39 settlement agent, only to the extent that the failure relates to the:
 40 (A) status of title to; or
 41 (B) validity, enforceability, and priority of the lien of the
 42 mortgage on;

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1 the party's interest in land.

2 (d) The issuance of a closing protection letter under this section in
3 contemplation of or in conjunction with the issuance of a title insurance
4 policy is part of the business of title insurance for purposes of section
5 3 of this chapter.

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

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

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

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

14 (1) A mortgage transaction (as defined in ~~IC 24-9-3-7(a)~~
15 IC 37-5-3-7(a)) that:

16 (A) is:

17 (i) a first lien purchase money mortgage transaction; or
18 (ii) a refinancing transaction; and

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

20 (2) A real estate transaction (as defined in ~~IC 24-9-3-7(b)~~
21 IC 37-5-3-7(b)) that:

22 (A) does not involve a mortgage transaction described in
23 subdivision (1); and

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

26 SECTION 5 ~~4~~ [\[3\]](#). IC 28-1-1-3, AS AMENDED BY
27 P.L.137-2014, SECTION 22, IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. Unless a different
29 meaning is required by the context, the following definitions apply
30 throughout this article:

31 (1) "Financial institution" means any bank, trust company,
32 corporate fiduciary, savings association, credit union, savings
33 bank, bank of discount and deposit, or industrial loan and
34 investment company organized or reorganized under the laws of
35 this state, and includes licensees under ~~IC 24-4.4~~, ~~IC 24-4.5~~,
36 IC 37-1, IC 37-2, and 750 IAC 9.

37 (2) "Bank" or "bank or trust company" means a financial
38 institution organized or reorganized as a bank, bank of discount
39 and deposit, or trust company under the laws of this state with
40 the express power to receive and accept deposits of money
41 subject to withdrawal by check, and possessing such other rights
42 and powers granted by the provisions of this article in express

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1 terms or by implication. The term "bank" or "bank or trust
 2 company" does not include a savings association, credit union,
 3 or industrial loan and investment company.
 4 (3) "Domestic corporation" means a corporation formed under
 5 the laws of this state, and "foreign corporation" means every
 6 other corporation.
 7 (4) "Articles of incorporation" includes both the original articles
 8 of incorporation and any and all amendments thereto, except
 9 where the original articles of incorporation only are expressly
 10 referred to, and includes articles of merger and consolidation,
 11 and, in the case of corporations organized before July 1, 1933,
 12 articles of reorganization, and all amendments thereto.
 13 (5) "Incorporator" means one (1) of the signers of the original
 14 articles of incorporation.
 15 (6) "Subscriber" means one who subscribes for shares of stock
 16 in a financial institution.
 17 (7) "Shareholder" means one who is a holder of record of shares
 18 of stock in a financial institution.
 19 (8) "Capital stock" means the aggregate amount of the par value
 20 of all shares of capital stock.
 21 (9) "Capital" means the aggregate amount paid in on the shares
 22 of capital stock of a financial institution issued and outstanding.
 23 (10) "Capital and surplus" or "unimpaired capital and
 24 unimpaired surplus" has the meaning set forth in 12 CFR 32.2.
 25 (11) "Assets" includes all of the property and rights of every kind
 26 of a financial institution, and the term "fixed assets" means such
 27 assets as are not intended to be sold or disposed of in the
 28 ordinary course of business.
 29 (12) "Principal office" means that office maintained by the
 30 financial institution in this state, the address of which is required
 31 by the provisions of this article to be kept on file in the office of
 32 the secretary of state.
 33 (13) "Subscription" means any written agreement or undertaking,
 34 accepted by a financial institution, for the purchase of shares of
 35 capital stock in the financial institution.
 36 (14) "Department" means the department of financial
 37 institutions.
 38 (15) "Member" means a member of the department of financial
 39 institutions.
 40 (16) "Branch" means any office, agency, mobile unit, messenger
 41 service, or other place of business at which deposits are received,
 42 checks paid, or money lent. The term does not include:

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- 1 (A) the principal office of a bank;
 2 (B) the principal office of an affiliate;
 3 (C) a branch of an affiliate;
 4 (D) an automated teller machine;
 5 (E) a night depository;
 6 (F) a temporary facility authorized in IC 28-2-13-22.5;
 7 (G) a loan production office;
 8 (H) a deposit production office; or
 9 (I) other service delivery mechanisms not considered by the
 10 director to be a branch.

11 (17) "Subsidiary" means any foreign or domestic corporation or
 12 limited liability company in which the parent bank, savings
 13 bank, savings association, or industrial loan and investment
 14 company had at least eighty percent (80%) ownership before
 15 July 1, 1999, or is formed or acquired in accordance with
 16 IC 28-13-16 after June 30, 1999.

- 17 (18) "Savings bank" means a financial institution that:
 18 (A) was organized, reorganized, or operating under IC 28-6
 19 (before its repeal) before January 1, 1993;
 20 (B) is formed as the result of a conversion under:
 21 (i) IC 28-1-21.7;
 22 (ii) IC 28-1-21.8;
 23 (iii) IC 28-1-21.9; or
 24 (iv) IC 28-1-30; or

25 (C) is incorporated under IC 28-12.
 26 (19) "Corporate fiduciary" means a financial institution whose
 27 primary business purpose is to engage in the trust business (as
 28 defined in IC 28-14-1-8) and the execution and administration of
 29 fiduciary accounts as a nondepository trust company
 30 incorporated under Indiana law.

31 SECTION 5 ~~↔~~ [4]. IC 28-1-2-6.5, AS AMENDED BY
 32 P.L.176-2019, SECTION 54, IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6.5. (a) A financial
 34 institution (as defined in IC 28-1-1-3(1)), except for a licensee under
 35 ~~IC 24-4.4, IC 24-4.5, IC 37-1, IC 37-2, or 750 IAC 9~~, shall comply with
 36 the following:

- 37 (1) The Bank Secrecy Act (31 U.S.C. 5311 et seq.).
 38 (2) The USA Patriot Act of 2001 (P.L. 107-56).
 39 (3) Any regulations, policies, or reporting requirements
 40 established by the Financial Crimes Enforcement Network of the
 41 United States Department of the Treasury.
 42 (4) Subchapter II of Chapter 53 of Title 31 of the United States

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1 Code, including 31 U.S.C. 5318(l), and 31 CFR Chapter X,
2 including 31 CFR 1020.220.

3 (5) Any other state or federal money laundering statutes or
4 regulations that apply to a financial institution (as defined in
5 IC 28-1-1-3(1)) other than a licensee under ~~IC 24-4.4, IC 24-4.5,~~
6 IC 37-1, IC 37-2, or 750 IAC 9.

7 (b) The department shall do the following:

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

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

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

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

18 SECTION 5 ~~5~~ [5]. IC 28-1-2-30, AS AMENDED BY
19 P.L.222-2025, SECTION 3, IS AMENDED TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2026]: Sec. 30. (a) As used in this section,
21 "financial institution" means any bank, trust company, corporate
22 fiduciary, savings association, credit union, savings bank, bank of
23 discount and deposit, or industrial loan and investment company
24 organized or reorganized under the laws of this state, and includes
25 licensees and registrants under ~~IC 24-4.4, IC 24-4.5,~~ IC 24-7, IC 24-12,
26 IC 28-1-29, IC 28-7-5, IC 28-8-4.1, IC 28-8-5, IC 28-8-6, IC 37-1,
27 IC 37-2, and 750 IAC 9.

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

37 SECTION 5 ~~5~~ [6]. IC 28-1-2-30.5, AS AMENDED BY
38 P.L.35-2010, SECTION 98, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JULY 1, 2026]: Sec. 30.5. (a) This section applies to the
40 following:

41 (1) Any:

42 (A) financial institution;

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- 1 (B) person required to file notification with the department
 2 under ~~IC 24-4.5-6-202~~; IC 37-2-7-25;
 3 (C) person subject to IC 24-7; or
 4 (D) other person subject to regulation by the department.
 5 (2) Any person licensed or required to be licensed under
 6 ~~IC 24-4.4 or IC 24-4.5. IC 37-1 or IC 37-2.~~
 7 (b) As used in this section, "customer", with respect to a person
 8 described in subsection (a), means an individual consumer, or the
 9 individual's legal representative, who obtains or has obtained from the
 10 person a financial:
 11 (1) product; or
 12 (2) service;
 13 that is to be used primarily for personal, family, or household purposes.
 14 The term does not include an affiliate of the person.
 15 (c) As used in this section, "personal information" includes any of
 16 the following:
 17 (1) An individual's first and last names or first initial and last
 18 name.
 19 (2) Any of the following data elements:
 20 (A) A Social Security number.
 21 (B) A driver's license number.
 22 (C) A state identification card number.
 23 (D) A credit card number.
 24 (E) A financial account number or debit card number.
 25 (3) With respect to an individual, any of the following:
 26 (A) Address.
 27 (B) Telephone number.
 28 (C) Information concerning the individual's:
 29 (i) income or other compensation;
 30 (ii) credit history;
 31 (iii) credit score;
 32 (iv) assets;
 33 (v) liabilities; or
 34 (vi) employment history.
 35 (d) As used in this section, personal information is "encrypted" if
 36 the personal information:
 37 (1) has been transformed through the use of an algorithmic
 38 process into a form in which there is a low probability of
 39 assigning meaning without use of a confidential process or key;
 40 or
 41 (2) is secured by another method that renders the personal
 42 information unreadable or unusable.

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1 (e) As used in this section, personal information is "redacted" if
2 the personal information has been altered or truncated so that not more
3 than the last four (4) digits of:
4 (1) a Social Security number;
5 (2) a driver's license number;
6 (3) a state identification number; or
7 (4) an account number;
8 are accessible as part of the personal information.
9 (f) As used in this section, "personal records" means any records
10 that:
11 (1) are maintained, whether as a paper record or in an electronic
12 or a computerized form, by a person to whom this section
13 applies; and
14 (2) contain the unencrypted, unredacted personal information of
15 one (1) or more customers or potential customers.
16 (g) A person to whom this section applies shall keep and handle
17 personal records in a manner that:
18 (1) reasonably safeguards the personal records from destruction,
19 theft, or other loss; and
20 (2) protects the personal records from misuse.
21 (h) If a breach of the security of any personal records occurs, the
22 person maintaining the records is subject to the disclosure requirements
23 under IC 24-4.9-3, unless the person is exempt from the disclosure
24 requirements under IC 24-4.9-3-4.
25 (i) A person to whom this section applies may not dispose of
26 personal records without first:
27 (1) shredding, incinerating, or mutilating the personal records;
28 or
29 (2) erasing or otherwise rendering illegible or unusable the
30 personal information contained in the records.
31 (j) If a person to whom this section applies ceases doing business,
32 the person shall, as part of the winding up of the business, safeguard
33 any personal records maintained by the person in accordance with this
34 section until such time as the person is entitled or required to destroy
35 the records under:
36 (1) applicable law; or
37 (2) the person's own records maintenance policies.
38 (k) A person to whom this section applies shall provide at the
39 person's cost any records that the director considers relevant or material
40 to an examination, investigation, or other matter under consideration
41 by the department.
42 SECTION 5 ~~5~~ [7]. IC 28-1-3.1-2, AS AMENDED BY

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

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

37 (b) When the department makes a determination to take possession
 38 of the business and property of a financial institution under subsection
 39 (a), the department shall:

- 40 (1) make a finding to that effect and enter that finding on the
 41 records of the proceedings of the department; and
 42 (2) cause a certified copy of the finding to be served on the



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1 president or other executive officer actively in charge of the
2 financial institution and demand possession of the business,
3 property, and records of the financial institution from the officer.
4 The financial institution shall immediately surrender the
5 possession to the department.

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

9 SECTION 5 ~~8~~ [8]. IC 28-2-17-23 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) An out-of-state
11 state bank that establishes and maintains one (1) or more branches in
12 Indiana under this chapter may conduct at the branch or branches only
13 those activities that are expressly authorized under the laws of Indiana
14 for Indiana state banks.

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

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

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

41 (1) the applicant state bank will have adequate capital, sound
42 management, and adequate future earnings prospects after the

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1 establishment of the branch; and
 2 (2) the establishment of the proposed branch will not violate the
 3 laws of the host state.

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

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

10 SECTION ~~60~~ [59]. IC 28-2-18-24 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24. (a) An out-of-state
 12 state bank that establishes and maintains one (1) or more branches in
 13 Indiana under this chapter may conduct at the branch or branches only
 14 those activities that are expressly authorized under the laws of Indiana
 15 for Indiana state banks.

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

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

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

35 SECTION ~~6~~ [0]. IC 28-5-1-6, AS AMENDED BY
 36 P.L.217-2007, SECTION 55, IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) Every company
 38 may exercise all the powers conferred upon domestic corporations by
 39 IC 23-1 but only to the extent that those powers may be necessary,
 40 convenient, or expedient to accomplish the purposes for which it is
 41 organized. Subject to the restrictions and limitations contained in this
 42 chapter, every company may exercise the following powers:



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- 1 (1) To issue, negotiate, and sell its secured or unsecured
- 2 certificates of investment or indebtedness, subject to subdivision
- 3 (16), upon terms and conditions, in any form, and payable at
- 4 times that are not inconsistent with this chapter and, subject to
- 5 subsection (c), bearing a rate of interest approved by the
- 6 department.
- 7 (2) To make, purchase, discount, or otherwise acquire extensions
- 8 of credit under ~~IC 24-4.5~~; IC 37-2.
- 9 (3) To lend money without security or upon the security of
- 10 comakers, personal endorsement, or the mortgage of real or
- 11 personal property or the mortgage or pledge of bailment leases
- 12 or rentals due and to become due thereunder and other choses in
- 13 action, and to contract for interest, discount, fees, charges, or
- 14 other consideration fixed or permitted by any laws of Indiana
- 15 concerning interest, discount, or usury.
- 16 (4) To discount, purchase, or otherwise acquire notes, bills of
- 17 exchange, acceptances, bailment leases, and the property
- 18 covered thereby or the rentals due or to become due thereunder
- 19 or other choses in action and, subject to such restrictions the
- 20 department imposes, to become owner or lessor of personal or
- 21 real property acquired upon the request and for the use of a
- 22 customer, and to incur additional obligations incident to
- 23 becoming an owner or lessor of the property. The liability of a
- 24 lessee under the lease does not constitute an obligation (as
- 25 defined in section 8 of this chapter).
- 26 (5) To purchase or construct buildings and hold legal title to
- 27 them, to be leased for public purposes to municipal corporations
- 28 or other public authorities having resources sufficient to make
- 29 payment of all rentals as they become due. Each lease agreement
- 30 shall provide that upon expiration, the lessee shall become owner
- 31 of the building.
- 32 (6) To invest in bonds, notes, or certificates which are:
- 33 (A) the direct or indirect obligations of the United States or
- 34 of the state;
- 35 (B) obligations of mutual funds or financial institutions if
- 36 the obligations represent a participation in a fund invested
- 37 in, or are secured by, direct or indirect obligations of the
- 38 United States owned by the mutual fund or financial
- 39 institution;
- 40 (C) the direct obligations of a civil or school county,
- 41 township, city, town, other taxing district, or municipality
- 42 of Indiana;

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

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- 1 purchase is necessary to prevent loss under a debt previously
 2 contracted in good faith and stocks or other securities so
 3 purchased or acquired shall, within six (6) months from the time
 4 of its purchase, be sold or disposed of at public or private sale,
 5 unless otherwise ordered by the department.
- 6 (8) To invest in bonds or debentures issued under and by the
 7 authority of the Federal Home Loan Bank Act (12 U.S.C. 1421
 8 through 1429), or of the Home Owners' Loan Act (12 U.S.C.
 9 1461 through 1468), or obligations issued by or for farm credit
 10 banks, and banks for cooperatives under the Farm Credit Act of
 11 1971 (12 U.S.C. 2001 through 2279aa-14).
- 12 (9) To invest in insured shares of an insured savings association
 13 organized under the laws of Indiana, and in insured shares of an
 14 insured federal savings association whose principal place of
 15 business is located in Indiana; and in certificates of indebtedness
 16 or investment of an industrial loan and investment company
 17 organized under the laws of Indiana. However, not more than
 18 twenty percent (20%) of the resources of the company may be
 19 invested in the insured shares of any such association nor more
 20 than ten percent (10%) of the company's capital and surplus in
 21 such certificates of industrial loan and investment companies.
- 22 (10) To make loans and advances of credit and purchases of
 23 obligations representing loans and advances of credit as are
 24 eligible for insurance by the federal housing administrator, and
 25 to obtain insurance from the administrator.
- 26 (11) To make loans secured by mortgage on real property or
 27 leasehold if:
- 28 (A) the mortgage is insured by the federal housing
 29 administrator; or
- 30 (B) the company makes a commitment to insure and to
 31 obtain insurance from the administrator, if the mortgage is
 32 not insured by the federal housing administrator.
- 33 (12) To purchase, invest in, and dispose of notes or bonds
 34 secured by mortgage or trust deed insured by the federal housing
 35 administrator or debentures issued by the federal housing
 36 administrator, or bonds or other securities insured by national
 37 mortgage associations.
- 38 (13) To discount, purchase, or otherwise acquire charge
 39 accounts, and drafts and bills of exchange evidencing charge
 40 accounts and to impose and collect monthly service charges and
 41 maintenance charges on charge accounts, drafts, or bills of
 42 exchange which are owned or acquired in amounts agreed upon

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1 between the company and the obligor, or obligors, on charge
2 accounts, drafts, and bills of exchange.
3 (14) To purchase or otherwise acquire property, real or personal,
4 tangible or intangible, in which the company has a security
5 interest to secure a debt owing to the company contracted in
6 good faith or the purchase or acquisition of which property is
7 considered expedient to prevent loss from a debt owing to the
8 company contracted in good faith, and for such purpose to
9 engage in any lawful business considered necessary or expedient
10 by the company to preserve, protect, or make saleable the
11 property. Property thus purchased or acquired shall be sold and
12 disposed of within two (2) years, or a longer period permitted by
13 the department, after the purchase or acquisition.
14 (15) To act as trustee of a trust created in the United States and
15 forming part of a stock bonus, pension, or profit sharing plan that
16 is qualified for tax treatment under Section 401(d) of the Internal
17 Revenue Code, and to act as trustee or custodian of an individual
18 retirement account within the meaning of Section 408 of the
19 Internal Revenue Code, if the funds of that trust or account are
20 only invested in certificates of investment or indebtedness of the
21 company or in obligations or securities issued by that company.
22 All funds held under this subdivision in a fiduciary capacity may
23 be commingled by the company for appropriate investment
24 purposes. However, individual records shall be kept by the
25 fiduciary for each participant and shall show in proper detail all
26 transactions engaged in under the authority of this subdivision.
27 (16) To do anything necessary and appropriate to obtain or
28 maintain federal deposit insurance under the Federal Deposit
29 Insurance Corporation Act (12 U.S.C. 1811 through 1833e) or
30 insurance under any other federal or Indiana law providing
31 insurance for certificates of investment or indebtedness issued by
32 a company. A company that obtains and maintains federal
33 deposit insurance is not required to obtain approval from the
34 department concerning the rate of interest payable on, or the
35 form, the terms, or the conditions of the certificates of
36 investment or indebtedness, and the company may exercise all
37 of the powers that are conferred upon institutions maintaining
38 federal deposit insurance that are not in conflict with Indiana
39 law.
40 (17) To become a member of a federal home loan bank and
41 acquire, own, pledge, sell, assign, or otherwise dispose of shares
42 of the capital stock of a federal home loan bank.

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1 (18) To borrow money and procure advances from a federal
 2 home loan bank and to transfer, assign to, and pledge with the
 3 federal home loan bank any of the bonds, notes, contracts,
 4 mortgages, securities, or other property of the company held or
 5 acquired as security for the payment of the loans and advances.

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

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

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

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

26 SECTION 6 ~~↔~~ [1]. IC 28-7-1-17, AS AMENDED BY
 27 P.L.54-2021, SECTION 3, IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) Every loan application shall
 29 be submitted on a form approved by the credit union. Loans may be
 30 disbursed upon written approval by a majority of the credit committee
 31 or a loan officer. If the credit committee or loan officer fails to approve
 32 an application for a loan, the applicant may appeal to the board of
 33 directors, if such appeal is authorized by the bylaws.

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

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

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



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1 terms of the loan contract may provide for seasonal amortization.
 2 (3) Loans may be made upon the security of improved or
 3 unimproved real estate. Except as otherwise specified in this
 4 section, such loans must be secured by a first lien upon real
 5 estate prior to all other liens, except for taxes and assessments
 6 not delinquent, and may be made with repayment terms other
 7 than as provided in subdivision (2). The credit union loan folder
 8 for all real estate mortgage loans shall include the following:
 9 (A) The loan application.
 10 (B) The mortgage instrument.
 11 (C) The note.
 12 (D) The disclosure statement.
 13 (E) The documentation of property insurance.
 14 (F) For the real estate for which the loan is made:
 15 (i) a written appraisal; or
 16 (ii) a written estimate of market value;
 17 consistent with the appraisal standards and transaction
 18 value limitations set forth in the appraisal regulations of the
 19 National Credit Union Administration (12 CFR 722).
 20 (4) Subject to the limitations of subdivision (3), variable rate
 21 mortgage loans and rollover mortgage loans may be made under
 22 the same limitations and rights provided state chartered savings
 23 associations under IC 28-1-21.5 (before its repeal) or IC 28-15
 24 or federal credit unions.
 25 (5) As used in this subdivision, "originating lender" means the
 26 participating lender with which the member contracts. A credit
 27 union may participate with other state and federal depository
 28 financial institutions (as defined in IC 28-1-1-6) or credit union
 29 service organizations in making loans to credit union members
 30 and may sell a participating interest in any of its loans under
 31 written participation loan policies established by the board of
 32 directors. However, the credit union may not sell more than
 33 ninety percent (90%) of the principal of participating loans
 34 outstanding at the time of sale. A participating credit union that
 35 is not the originating lender may participate only in loans made
 36 to the credit union's own members or to members of another
 37 participating state or federal credit union. A master participation
 38 agreement must be properly executed. The agreement must
 39 include provisions for identifying, either through documents
 40 incorporated by reference or directly in the agreement, the
 41 participation loan or loans before the sale of the loans.
 42 (6) As an alternative to making any loan authorized by and under

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1 the conditions set forth in subdivisions (1) through (5), a credit
2 union may make any of the following:

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

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

5 (i) made under this clause; and

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

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

10 (B) Subject to subdivision (3), any alternative mortgage
11 loan (as defined in IC 28-15-11-2) that may be made by a
12 savings association (as defined in IC 28-15-1-11) under
13 IC 28-15-11. A loan made under this clause by a credit
14 union is subject to the same terms, conditions, exceptions,
15 and limitations that apply to an alternative mortgage loan
16 made by a savings association under IC 28-15-11.

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

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

19 (B) subdivision (6);

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

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

34 SECTION ~~6-2~~[2]. IC 28-7-5-21, AS AMENDED BY
35 P.L.159-2017, SECTION 41, IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 21. (a) The pawnbroker
37 shall, at the time of making a loan, deliver to the pledger or the
38 pledger's agent a memorandum or ticket on which shall be legibly
39 written or printed the following information:

40 (1) The name of the pledger.

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

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- 1 (3) The article or articles pledged, and a description of the
- 2 articles. However, if multiple articles of a similar nature that do
- 3 not contain an identification or serial number (such as precious
- 4 metals, gemstones, musical recordings, video recordings, books,
- 5 or hand tools) are delivered together in one (1) transaction, the
- 6 description of the articles is adequate if the description contains
- 7 the quantity of the articles delivered and a physical description
- 8 of the type of articles delivered, including any other unique
- 9 identifying marks, numbers, names, letters, or special features.
- 10 (4) The amount of the loan.
- 11 (5) The date of the transaction.
- 12 (6) The serial number of the loan.
- 13 (7) The sum of the interest as provided in section 28 of this
- 14 chapter and the charge as provided in section 28.5 of this chapter
- 15 stated as an annual percentage rate computed in accordance with
- 16 the Consumer Credit Protection Act (as defined in
- 17 ~~IC 24-4.5-1-302~~ IC 37-2-2-11) and with regulations adopted
- 18 under that act.
- 19 (8) The amount of interest.
- 20 (9) The amount of charge and principal due at maturity.
- 21 (10) A copy of sections 28, 28.5, and 30 of this chapter.
- 22 (11) The date of birth of the pledger.
- 23 (12) The type of government issued identification used to verify
- 24 the identity of the pledger, together with the name of the
- 25 governmental agency that issued the identification, and the
- 26 identification number present on the government issued
- 27 identification.
- 28 (13) The last date on which the pledged article or articles may be
- 29 redeemed before the article or articles may be sold if the loan is
- 30 not redeemed, renewed, or extended. The language setting forth
- 31 the information described in this subdivision must be in 14 point
- 32 boldface type.
- 33 (14) A statement that:
- 34 (A) notifies the pledger that the pawnbroking transaction is
- 35 regulated by the department; and
- 36 (B) includes a toll free telephone number for the
- 37 department.
- 38 (b) A pawnbroker may insert in such ticket any other terms and
- 39 conditions not inconsistent with this chapter. However, nothing
- 40 appearing on a pawn ticket shall relieve the pawnbroker of the
- 41 obligations to exercise reasonable care in the safekeeping of articles
- 42 pledged with the pawnbroker.

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1 SECTION 6~~4~~³. IC 28-7-5-28 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 28. (a) The maximum
 3 rate of interest charged by pawnbrokers shall be the same as the
 4 maximum loan finance charge for supervised lenders under
 5 ~~IC 24-4.5-3-508(2)~~. IC 37-2-4-35(b). For purposes of this subsection:

- 6 (1) the term of a loan commences on the date on which the loan
 7 is made;
 8 (2) differences in lengths of months are disregarded; and
 9 (3) each day is counted as one-thirtieth (1/30) of a month.

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

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

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

24 SECTION 6~~5~~⁴. IC 28-8-6-201, AS ADDED BY
 25 P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2026]: Sec. 201. The following definitions
 27 apply throughout this chapter:

- 28 (1) "Consumer" means an individual who:
 29 (A) resides in Indiana, as may be determined by a provider
 30 on the basis of the:
 31 (i) mailing address; or
 32 (ii) state of residence;
 33 provided by the individual; or
 34 (B) requests proceeds in Indiana, as may be determined by
 35 a provider by using any legal, readily available commercial
 36 means to determine the location from which the individual
 37 requests proceeds.
 38 (2) "Consumer directed wage access services" means the
 39 business by a provider of delivering to a consumer access to
 40 earned but unpaid income based on:
 41 (A) the consumer's representations of; and
 42 (B) the provider's reasonable determination of;



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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

(ii) regardless of whether the consumer is an employee of the employer or acts as an independent contractor

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

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

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

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1 the professional training and experience, financial responsibility,
 2 character, and fitness of:

3 (1) the applicant;
 4 (2) each executive officer, director, or manager of the applicant,
 5 or any other individual having a similar status or performing a
 6 similar function for the applicant; and
 7 (3) if known, each person directly or indirectly owning of record
 8 or owning beneficially at least ten percent (10%) of the
 9 outstanding shares of any class of equity security of the
 10 applicant;

11 are such as to warrant belief that the business will be operated honestly
 12 and fairly.

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

15 (1) the time of application;
 16 (2) the time of renewal of a license; or
 17 (3) any other time considered necessary by the director.

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

19 (1) criminal background checks, as described in section 504 of
 20 this chapter, including a national criminal history background
 21 check (as defined in IC 10-13-3-12) by the Federal Bureau of
 22 Investigation, for any individual described in subsection (b);
 23 (2) credit histories as described in section 504 of this chapter;
 24 (3) surety bond requirements as described in section 505 of this
 25 chapter;
 26 (4) a review of licensure actions in Indiana and in other states;
 27 and
 28 (5) other background checks considered necessary by the
 29 director.

30 (e) For purposes of this section and in order to reduce the points
 31 of contact that the director has to maintain under this section, the
 32 director may use the NMLSR as a channeling agent for requesting and
 33 distributing information to and from any source as directed by the
 34 director.

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

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

42 (h) An applicant shall pay the following fees at the time designated

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- 1 by the department:
- 2 (1) An initial license fee as established by the department under
- 3 IC 28-11-3-5, which shall not exceed two thousand five hundred
- 4 dollars (\$2,500). Until the department establishes an initial
- 5 license fee under IC 28-11-3-5, the initial license fee shall be one
- 6 thousand five hundred dollars (\$1,500).
- 7 (2) Examination fees as established by the department under
- 8 IC 28-11-3-5, which shall not exceed one hundred dollars (\$100)
- 9 per hour. Until the department establishes an examination fee
- 10 schedule under IC 28-11-3-5 that is applicable to an applicant
- 11 under this chapter, the examination fee schedule shall be the fee
- 12 schedule applicable to persons licensed under ~~IC 24-4.5-7~~.
- 13 IC 37-3.
- 14 (3) An annual renewal fee as established by the department
- 15 under IC 28-11-3-5, which shall not exceed two thousand five
- 16 hundred dollars (\$2,500). Until the department establishes an
- 17 annual renewal fee under IC 28-11-3-5, the annual renewal fee
- 18 shall be one thousand five hundred dollars (\$1,500).
- 19 (i) A fee as established by the department under IC 28-11-3-5 may
- 20 be charged for each day a fee under subsection (h)(2) or (h)(3) is
- 21 delinquent. The fee described in this subsection shall not exceed fifty
- 22 dollars (\$50) per day.
- 23 (j) Except in a transaction approved under section 601 of this
- 24 chapter, a license issued under this section is not assignable or
- 25 transferable.
- 26 (k) If the department of state revenue notifies the department that
- 27 a person is on the most recent tax warrant list, the department shall not
- 28 issue or renew the person's license until:
- 29 (1) the person provides to the department a statement from the
- 30 department of state revenue that the person's tax warrant has
- 31 been satisfied; or
- 32 (2) the department receives a notice from the commissioner of
- 33 the department of state revenue under IC 6-8.1-8-2(k).
- 34 SECTION ~~6-8-6-801~~ 6. IC 28-8-6-801, AS ADDED BY
- 35 P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS
- 36 [EFFECTIVE JULY 1, 2026]: Sec. 801. A provider required to be
- 37 licensed under this chapter shall do the following:
- 38 (1) Develop and implement policies and procedures to:
- 39 (A) respond to questions raised by consumers; and
- 40 (B) address complaints from consumers;
- 41 in an expedient manner.
- 42 (2) Whenever the provider offers a consumer the option to

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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 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.

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- 1 (6) Comply with all applicable local, state, and federal privacy
- 2 and information security laws.
- 3 (7) If the provider solicits, charges, or receives a tip, gratuity, or
- 4 other donation from a consumer:
- 5 (A) clearly and conspicuously disclose to the consumer
- 6 immediately before each transaction that a tip, gratuity, or
- 7 other donation:
- 8 (i) is voluntary; and
- 9 (ii) may be in the amount of zero dollars (\$0); and
- 10 (B) clearly and conspicuously disclose in the provider's
- 11 service contract with the consumer that tips, gratuities, or
- 12 other donations are voluntary and that the offering of earned
- 13 wage access services, including:
- 14 (i) the amount of proceeds that a consumer is eligible
- 15 to request;
- 16 (ii) the frequency with which proceeds are provided to
- 17 a consumer; and
- 18 (iii) the level or cost of any service provided to the
- 19 consumer in connection with an earned wage access
- 20 services transaction;
- 21 is not contingent on whether the consumer pays any tip,
- 22 gratuity, or other donation, or on the amount of the tip,
- 23 gratuity, or other donation.
- 24 (8) Provide proceeds to a consumer by any means mutually
- 25 agreed upon by the provider and the consumer.
- 26 (9) If the provider seeks repayment of outstanding proceeds or
- 27 the payment of fees or other amounts owed (including voluntary
- 28 tips, gratuities, or other donations) in connection with earned
- 29 wage access services provided under this chapter from a
- 30 consumer's deposit account, including by means of electronic
- 31 funds transfer, the provider must do the following:
- 32 (A) Comply with applicable provisions of the federal
- 33 Electronic Funds Transfer Act (15 U.S.C. 1693 et seq.).
- 34 (B) Reimburse the consumer for the full amount of any
- 35 overdraft or nonsufficient funds fees that are imposed on the
- 36 consumer by the consumer's depository financial institution
- 37 if the overdraft or nonsufficient funds fees resulted from the
- 38 provider's attempt to seek payment of any outstanding
- 39 proceeds, fees, or other amounts (including voluntary tips,
- 40 gratuities, or other donations) under this chapter:
- 41 (i) on a date before; or
- 42 (ii) in an incorrect amount from;

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- 1 the date or amount disclosed to the consumer. However, a
- 2 provider is not subject to the requirements of this clause
- 3 with respect to the payment of any outstanding proceeds,
- 4 fees, or other amounts incurred by a consumer through
- 5 fraudulent or other unlawful means.
- 6 (10) Ensure that the provider's software application does not do
- 7 any of the following:
 - 8 (A) Subject a user of the software application to unsolicited
 - 9 electronic mail advertisements or surveys, if the user has
 - 10 elected to not receive electronic mail advertisements or
 - 11 surveys, as required by 15 U.S.C. 7701-7713.
 - 12 (B) Subject a user of the software application to unsolicited
 - 13 electronic advertisements or surveys, based on the
 - 14 individual user's:
 - 15 (i) use of the provider's software application;
 - 16 (ii) location; or
 - 17 (iii) behavior;
 - 18 if the user has elected to not receive the electronic
 - 19 advertisements or surveys.
 - 20 (C) Display an unsolicited electronic notification to a user
 - 21 of the software application unless the user has elected to
 - 22 receive electronic notifications.
 - 23 (D) Access a user's location, except for purposes of
 - 24 verifying that a user is located in Indiana at the time the
 - 25 user creates an account with the provider, unless the user
 - 26 has authorized the provider's software application to access
 - 27 the user's location.
- 28 (11) Ensure that any data that the provider receives under
- 29 subdivision (10) is not sold or shared, except as follows:
 - 30 (A) In connection with a law enforcement investigation or
 - 31 legal proceeding.
 - 32 (B) As necessary to provide earned wage access services to
 - 33 the user.
 - 34 (C) The user authorizes the provider to sell or share the
 - 35 data.
- 36 (12) Sell consumer data to a lender (as defined in
- 37 ~~IC 24-4.5-7-111~~ IC 37-3-2-5) licensed under ~~IC 24-4.5-7-~~
- 38 IC 37-3.
- 39 (13) Share consumer data with a lender (as defined in
- 40 ~~IC 24-4.5-7-111~~ IC 37-3-2-5) licensed under ~~IC 24-4.5-7-~~
- 41 IC 37-3.
- 42 SECTION 68[7]. IC 28-8-6-802, AS ADDED BY

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1 P.L.222-2025, SECTION 5, IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2026]: Sec. 802. A provider required to be
3 licensed under this chapter shall not do any of the following:

- 4 (1) Share with an employer a portion of any:
 - 5 (A) fees; or
 - 6 (B) voluntary tips, gratuities, or other donations;
- 7 received from or charged to a consumer for earned wage access
8 services.

9 (2) Use a consumer's credit score from a consumer report (as
10 defined in IC 24-5-24-2) to determine:

- 11 (A) a consumer's eligibility for earned wage access services;
- 12 (B) the amount of proceeds that a consumer is eligible to
13 request or receive in an earned wage access services
14 transaction; or
- 15 (C) the frequency with which proceeds may be provided to
16 a consumer through earned wage access services
17 transactions.

18 (3) Accept payment of outstanding proceeds, fees, or voluntary
19 tips, gratuities, or other donations by means of a credit card (as
20 defined in IC 24-5-27.5-3).

21 (4) Charge or collect a late fee, a deferral fee, interest, or any
22 other charge or penalty for a consumer's failure to pay
23 outstanding proceeds, fees, or voluntary tips, gratuities, or other
24 donations.

25 (5) Compel or attempt to compel a consumer to pay to the
26 provider any outstanding proceeds, fees, or voluntary tips,
27 gratuities, or other donations through any of the following
28 means:

- 29 (A) The use of unsolicited outbound telephone calls to the
30 consumer.
- 31 (B) A suit against the consumer in a court of competent
32 jurisdiction.
- 33 (C) The use of a third party to pursue collection from the
34 consumer on the provider's behalf.
- 35 (D) The sale of outstanding amounts to a third party
36 collector or debt buyer for collection from the consumer.

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

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- 1 (6) If the provider solicits, charges, or receives a tip, gratuity, or
 2 other donation from a consumer:
 3 (A) mislead or deceive consumers about the voluntary
 4 nature of the tips, gratuities, or donations;
 5 (B) represent that tips, gratuities, or donations will benefit
 6 any specific individuals; or
 7 (C) suggest a default tip, gratuity, or other donation amount
 8 greater than zero dollars (\$0).
 9 (7) If the provider also offers small loans to consumers under
 10 ~~IC 24-4.5-7~~, IC 37-3:
 11 (A) provide proceeds to a consumer who has a small loan
 12 outstanding from that provider, as verified by the provider
 13 in accordance with ~~IC 24-4.5-7-404(4)~~, IC 37-3-3-8(d); or
 14 (B) make a small loan to a consumer who has outstanding
 15 proceeds from that provider.
 16 SECTION 6 ~~6-8~~ [8]. IC 28-11-1-3, AS AMENDED BY
 17 P.L.222-2025, SECTION 6, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The ultimate authority for and
 19 the powers, duties, management, and control of the department are
 20 vested in the following seven (7) members:
 21 (1) The director of the department, who serves as an ex officio,
 22 voting member.
 23 (2) The following six (6) members appointed by the governor as
 24 follows:
 25 (A) Three (3) members must have practical experience at
 26 the executive level of a:
 27 (i) state chartered bank;
 28 (ii) state chartered savings association; or
 29 (iii) state chartered savings bank.
 30 (B) One (1) member must have practical experience at the
 31 executive level as a:
 32 (i) lender licensed under ~~IC 24-4.5~~, IC 37-2;
 33 (ii) mortgage lender licensed under ~~IC 24-4.4~~, IC 37-1;
 34 (iii) registrant under IC 24-7;
 35 (iv) licensee under IC 28-1-29;
 36 (v) licensee under IC 28-7-5;
 37 (vi) licensee under IC 28-8-4.1;
 38 (vii) licensee under IC 28-8-5; or
 39 (viii) licensee under IC 28-8-6.
 40 (C) One (1) member must have practical experience at the
 41 executive level of a state chartered credit union.
 42 (D) One (1) member must be appointed with due regard for

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1 the consumer, agricultural, industrial, and commercial
2 interests of Indiana.

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

6 SECTION ~~70~~[69]. IC 28-11-1-13.5, AS ADDED BY
7 P.L.90-2008, SECTION 67, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2026]: Sec. 13.5. (a) The department may
9 accept payment of any of the following by credit card, debit card,
10 charge card, or similar method:

- 11 (1) A fee established by the department under IC 28-11-3-5.
12 (2) A penalty assessed by the department under this title or
13 ~~IC 24-4.5. IC 37-2.~~
14 (3) A fee assessed:
15 (A) in connection with the director's designation of an
16 automated central licensing system and repository under
17 ~~IC 24-4.5-3-503(10); IC 37-2-4-26(j);~~ and
18 (B) for:
19 (i) processing applications and renewals for licenses
20 under ~~IC 24-4.5-3; IC 37-2-4;~~ or
21 (ii) performing other services that the director
22 determines are necessary for the orderly administration
23 of the department's licensing system under ~~IC 24-4.5-3;~~
24 IC 37-2-4.

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

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

35 SECTION ~~7~~[0]. IC 28-15-11-18, AS AMENDED BY
36 P.L.27-2012, SECTION 116, IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. (a) Subsections (b)
38 and (c) apply to alternative mortgage loans and to similar loans
39 authorized under federal law or regulations for a federal savings
40 association.

- 41 (b) Any Indiana laws prohibiting:
42 (1) the compounding of interest;



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1 (2) capitalizing interest because contracted loan repayments
 2 create negative amortization; or
 3 (3) paying interest on interest;
 4 do not apply. For purposes of the application of ~~IC 24-4.5-3~~ IC 37-2-4[
 5] to a loan described in subsection (a), "principal" (as defined in
 6 ~~IC 24-4.5-3-107(3))~~ IC 37-2-2-40.5) includes interest unpaid and added
 7 to principal because the contracted repayments under the loan do not
 8 cover the entire interest due at any time.

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

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

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

17 SECTION 7 ~~⇒~~ [1]. IC 30-4-8-2, AS ADDED BY P.L.221-2019,
 18 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2026]: Sec. 2. Unless the context requires otherwise, the
 20 following definitions apply throughout this chapter:

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

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

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

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

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

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

41 (7) "Lender" means a company or entity that extends credit,
 42 including but not limited to a financial institution (as defined by

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- 1 IC 28-1-1-3(1)), a company or entity that extends credit under
 2 ~~IC 24-4.4 or IC 24-4.5~~, IC 37-1 or IC 37-2, or the successors and
 3 assigns of the company or entity.
 4 (8) "Person" means an individual at least eighteen (18) years of
 5 age, a corporation, a trust, a limited liability company, a limited
 6 liability partnership, a partnership, a governmental entity, the
 7 state, or a political subdivision of the state.
 8 (9) "Property" means real property, personal property, or an
 9 interest in real or personal property.
 10 (10) "Qualified affidavit" means a sworn affidavit executed
 11 under section 5 of this chapter.
 12 (11) "Qualified disposition" means a disposition by a transferor
 13 to a legacy trust.
 14 (12) "Qualified trustee" means a person qualified to serve as the
 15 trustee of a legacy trust under section 6 of this chapter.
 16 (13) "Transferor" means a person who as:
 17 (A) an owner of property;
 18 (B) a holder of a power of appointment that authorizes the
 19 holder to appoint in favor of the holder, the holder's
 20 creditors, the holder's estate, or the creditors of the holder's
 21 estate; or
 22 (C) a trustee;
 23 directly or indirectly makes a disposition or causes a disposition
 24 to be made.
 25 (14) "Trust director" means a person given authority by the terms
 26 of a legacy trust to direct, consent to, or disapprove actual or
 27 proposed investment decisions, distribution decisions, or other
 28 decisions related to property in a legacy trust.
 29 SECTION 7 ~~↔~~ [2]. IC 31-16-15-25, AS AMENDED BY
 30 P.L.103-2007, SECTION 40, IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 25. (a) An income
 32 payor that:
 33 (1) discharges from employment an obligor;
 34 (2) refuses to employ an obligor;
 35 (3) takes disciplinary action against an obligor employed by the
 36 income payor; or
 37 (4) otherwise discriminates against an obligor;
 38 because of the existence of an income withholding order or the
 39 obligations imposed upon the income payor by the income withholding
 40 order, is subject to a penalty not to exceed five thousand dollars
 41 (\$5,000) payable to the state and recoverable in a civil action. An
 42 obligor or the Title IV-D agency may bring an action to enforce a

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1 penalty under this subsection.

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

3 (1) the obligor's right to damages under ~~IC 24-4.5-5-202~~;
4 IC 37-2-6-9; or

5 (2) any other legal remedy available to the obligor;
6 because of discharge from employment, refusal of employment, or
7 disciplinary action.

8 SECTION 7~~4~~[3]. IC 32-28-15-1, AS ADDED BY P.L.62-2024,
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2026]: Sec. 1. (a) Except as otherwise provided in this
11 chapter, this chapter does not apply to a residential real estate service
12 agreement entered into before March 15, 2024.

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

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

16 (A) a plumbing system;

17 (B) a heating, cooling, and ventilation system; or

18 (C) electrical wiring;

19 for a fixed period.

20 (2) An insurance contract.

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

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

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

27 (B) a homeowners association (as defined in
28 IC 32-25.5-2-4);

29 including any amendment to the declaration.

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

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

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

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

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

40 (8) Providers of:

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

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- 1 (B) communications service (as defined in IC 8-1-32.5-3).
 2 (9) A land contract (as defined in ~~IC 24-9-2-9.5~~; IC 37-5-2-9.5).
 3 (10) An attorney's lien authorized by IC 33-43-4.
 4 (11) A statutory lien authorized by this article, including:
 5 (A) the lien of a broker company (as defined in
 6 IC 32-28-12.5-0.5) upon commercial real estate under
 7 IC 32-28-12.5-5; or
 8 (B) a mechanic's or materialman's lien under IC 32-28-3.

9 SECTION 7 ~~5~~ 4. IC 32-30-10.5-5, AS AMENDED BY
 10 P.L.6-2012, SECTION 211, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) As used in this chapter,
 12 "mortgage" means:

- 13 (1) a loan; or
 14 (2) a consumer credit sale;

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

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

23 SECTION 7 ~~6~~ 5. IC 34-7-4-2, AS AMENDED BY THE
 24 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL
 25 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2026]: Sec. 2. Statutes outside IC 34 providing causes of
 27 action or procedures include the following:

- 28 (1) IC 4-21.5-5 (Judicial review of administrative agency
 29 actions).
 30 (2) IC 22-3-4 (Worker's compensation administration and
 31 procedures).
 32 (3) IC 22-4-17 (Unemployment compensation system,
 33 employee's claims for benefits).
 34 (4) IC 22-4-32 (Unemployment compensation system,
 35 employer's appeal process).
 36 (5) IC 22-9 (Civil rights actions).
 37 **(6) IC 22-9.5 (Fair housing).**
 38 ~~(6)~~ ~~IC 24-9~~ **(7) IC 37-5** (Home loans).
 39 ~~(7)~~ **(8)** IC 31-14 (Paternity).
 40 ~~(8)~~ **(9)** IC 31-15 (Dissolution of marriage and legal separation).
 41 ~~(9)~~ **(10)** IC 31-16 (Support of children and other dependents).
 42 ~~(10)~~ **(11)** IC 31-17 (Custody and parenting time).



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1 ~~(11)~~ **(12)** ~~[]~~ IC 31-19 (Adoption).
 2 ~~(12)~~ **(13)** ~~[]~~ IC 32-27-2, IC 32-30-1, IC 32-30-2, IC 32-30-4,
 3 IC 32-30-9, IC 32-30-10, IC 32-30-12, IC 32-30-13, and
 4 IC 32-30-14 (Real property).

5 ~~(13)~~ **(14)** ~~[]~~ IC 33-43-4 (Attorney liens).
 6 SECTION 7~~<7>~~ **[6]**. IC 34-30-2.1-354 IS REPEALED
 7 [EFFECTIVE JULY 1, 2026]. ~~Sec. 354. IC 24-4.4-3-103 (Concerning~~
 8 ~~actions in conformity with a rule, written notice, written opinion,~~
 9 ~~written interpretation, or written directive of the department of~~
 10 ~~financial institutions under first lien mortgage lending law).~~

11 SECTION 7~~<8>~~ **[7]**. IC 34-30-2.1-355 IS REPEALED
 12 [EFFECTIVE JULY 1, 2026]. ~~Sec. 355. IC 24-4.5-6-104 (Concerning~~
 13 ~~actions in conformity with a rule, written notice, written opinion,~~
 14 ~~written interpretation, or written directive of the department of~~
 15 ~~financial institutions under the Uniform Consumer Credit Code).~~

16 SECTION 7~~<9>~~ **[8]**. IC 34-30-2.1-604 IS ADDED TO THE
 17 INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 18 [EFFECTIVE JULY 1, 2026]: **Sec. 604. IC 37-1-4-2 (Concerning**
 19 **actions in conformity with a rule, written notice, written opinion,**
 20 **written interpretation, or written directive of the department of**
 21 **financial institutions under first lien mortgage lending law).**

22 SECTION ~~<80>~~ **[79]**. IC 34-30-2.1-605 IS ADDED TO THE
 23 INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 24 [EFFECTIVE JULY 1, 2026]: **Sec. 605. IC 37-2-7-3 (Concerning**
 25 **actions in conformity with a rule, written notice, written opinion,**
 26 **written interpretation, or written directive of the department of**
 27 **financial institutions under the Uniform Consumer Credit Code).**

28 SECTION 8~~<10>~~ **[0]**. IC 34-31-2-6 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2026]: ~~Sec. 6. IC 24-4.5-5-203~~
 30 IC 37-2-6-10 (Concerning creditors for errors made under the Uniform
 31 Consumer Credit code).

32 SECTION 8~~<11>~~ **[1]**. IC 34-55-8-7, AS AMENDED BY
 33 P.L.78-2014, SECTION 22, IS AMENDED TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Except as provided in
 35 subsection (b), after a hearing of which the judgment debtor has been
 36 notified, the court may order:

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

40 (2) any debt due to the judgment debtor;
 41 to be applied to the satisfaction of the judgment and forbid transfers of
 42 property and choses in action.

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

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

7 (2) any debt due to the judgment debtor;
 8 to be applied to the satisfaction of the judgment and forbid transfers of
 9 property and choses in action.

10 (c) The judge shall order that:

11 (1) the judgment or execution is a continuing lien upon the
 12 income or profits of the judgment debtor in the hands either of
 13 the judgment debtor or any other person, governmental officer,
 14 or corporation from the date the order is served upon the person,
 15 governmental officer, or corporation indebted to the judgment
 16 debtor to the extent that the lien, together with all similar liens,
 17 is permitted under ~~IC 24-4.5-5-105~~; IC 37-2-6-4; and

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

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

27 (1) is subject to the limitations as to duration of the restriction
 28 and the amount to be restricted as specified under IC 28-9-4-2;
 29 and

30 (2) may be terminated or modified to reflect valid exemptions of
 31 a depositor that the court has considered.

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

35 (1) the person's right to claim certain funds in the person's
 36 deposit account as exempt from garnishment; and

37 (2) whether the hold should be removed by the court.

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

42 (g) If a person whose deposit account is affected by the order



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1 issued under subsection (d) files an affidavit with the court stating that
2 the funds in the account are exempt from garnishment, the court may
3 issue an order releasing the hold on the account without first
4 conducting a hearing.

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

10 (1) The court has issued a garnishment order under subsection
11 (a) or (b) with respect to a judgment debtor's income or profits
12 in the hands of a third party.

13 (2) The judgment constitutes a continuing lien under subsection
14 (c).

15 (3) Due to a change in circumstances, including a change of
16 employment, the judgment debtor's income or profits are in the
17 hands of a new third party not named in the garnishment order.

18 (4) The judgment creditor files a petition:
19 (A) notifying the court of the matters described in
20 subdivisions (1) through (3); and
21 (B) informing the court of the name, address, and other
22 relevant information concerning the new third party holding
23 the judgment debtor's income and profits.

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

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

37 (b) This chapter specifically exempts from its coverage all
38 consumer leases, sales, and loan contracts, as these terms are defined
39 in the Uniform Consumer Credit Code (~~IC 24-4.5~~): (IC 137-2).

40 SECTION 8 ~~↔~~ [3]. IC 35-38-1-18, AS AMENDED BY
41 P.L.156-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2026]: Sec. 18. (a) Except as provided in

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1 subsection (b), whenever the court imposes a fine, it shall conduct a
 2 hearing to determine whether the convicted person is indigent. If the
 3 person is not indigent, the court shall order:

4 (1) that the person pay the entire amount at the time sentence is
 5 pronounced;

6 (2) that the person pay the entire amount at some later date;

7 (3) that the person pay specified parts at designated intervals; or

8 (4) at the request of the person, commitment of the person to the
 9 county jail for a period of time set by the court in lieu of a fine.

10 If the court orders a person committed to jail under this
 11 subdivision, the person's total confinement for the crime that
 12 resulted in the conviction must not exceed the maximum term of
 13 imprisonment prescribed for the crime under IC 35-50-2 or
 14 IC 35-50-3.

15 (b) A court may impose a fine and suspend payment of all or part
 16 of the fine until the convicted person has completed all or part of the
 17 sentence. If the court suspends payment of the fine, the court shall
 18 conduct a hearing at the time the fine is due to determine whether the
 19 convicted person is indigent. If the convicted person is not indigent, the
 20 court shall order the convicted person to pay the fine:

21 (1) at the time the fine is due; or

22 (2) in a manner set forth in subsection (a)(2) through (a)(4).

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

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

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

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

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

38 SECTION 8 ~~4~~ [4]. IC 35-45-7-1 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. As used in this
 40 chapter:

41 "Loan" means any transaction described in section 3 of this
 42 chapter, whether or not the transaction is in the form of a loan as



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1 defined in ~~IC 24-4.5-3-106~~, IC 37-2-2-27.5, and without regard to
2 whether the person making the loan is regularly engaged in making
3 consumer loans, consumer credit sales, or consumer leases.

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

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

9 SECTION 8~~6~~[5]. IC 35-45-7-2, AS AMENDED BY
10 P.L.158-2013, SECTION 536, IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. A person who, in
12 exchange for the loan of any property, knowingly or intentionally
13 receives or contracts to receive from another person any consideration,
14 at a rate greater than two (2) times the rate specified in
15 ~~IC 24-4.5-3-508(2)(a)(i)~~, IC 37-2-4-35(b)(1)(A), commits
16 loansharking, a Level 6 felony. However, loansharking is a Level 5
17 felony if force or the threat of force is used to collect or to attempt to
18 collect any of the property loaned or any of the consideration for the
19 loan.

20 SECTION 8~~7~~[6]. IC 35-45-7-3, AS AMENDED BY
21 P.L.35-2010, SECTION 208, IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) This chapter
23 applies only:

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

29 (2) to any loan primarily secured by an interest in land or sale of
30 an interest in land that is a mortgage transaction (as defined in
31 ~~IC 24-4.5-1-301.5~~) IC 37-2-2-32) if the transaction is otherwise
32 a consumer loan or consumer credit sale; and

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

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

42 SECTION 8~~8~~[7]. IC 35-52-24-21 IS REPEALED [EFFECTIVE

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1 JULY 1, 2026]. Sec. 21: IC 24-4.5-5-301 defines a crime concerning
2 the Uniform Consumer Credit Code:

3 SECTION 8 ~~9~~ [8]. IC 35-52-24-22 IS REPEALED [EFFECTIVE
4 JULY 1, 2026]. Sec. 22: IC 24-4.5-5-302 defines a crime concerning
5 the Uniform Consumer Credit Code:

6 SECTION ~~90~~ [89]. IC 35-52-24-31 IS REPEALED
7 [EFFECTIVE JULY 1, 2026]. Sec. 31: IC 24-5.5-6-1 defines a crime
8 concerning mortgage rescue protection fraud:

9 SECTION 9 ~~10~~ [0]. IC 35-52-24-39 IS REPEALED [EFFECTIVE
10 JULY 1, 2026]. Sec. 39: IC 24-9-8-1 defines a crime concerning home
11 loan practices:

12 SECTION 9 ~~11~~ [1]. IC 35-52-37 IS ADDED TO THE INDIANA
13 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 2026]:

15 **Chapter 37. IC 37 Criminal Statutes**

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

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

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

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

24 SECTION 9 ~~12~~ [2]. IC 36-1-8-11, AS AMENDED BY
25 P.L.105-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 2026]: Sec. 11. (a) This section does not apply
27 to a county treasurer governed by IC 36-2-10-23.

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

- 29 (1) credit card;
- 30 (2) debit card;
- 31 (3) charge card; or
- 32 (4) stored value card.

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

- 37 (1) Cash.
- 38 (2) Check.
- 39 (3) Bank draft.
- 40 (4) Money order.
- 41 (5) Bank card or credit card.
- 42 (6) Electronic funds transfer.



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1 (7) Any other financial instrument authorized by the fiscal body.
 2 (d) If there is a charge to the political subdivision or municipally
 3 owned utility for the use of a financial instrument, the political
 4 subdivision or municipally owned utility may collect a sum equal to the
 5 amount of the charge from the person who uses the financial
 6 instrument.
 7 (e) If authorized by the fiscal body of the political subdivision or
 8 the board of the municipally owned utility, the political subdivision or
 9 municipally owned utility may accept payments under this section with
 10 a bank card or credit card under the procedures set forth in this section.
 11 However, the procedure authorized for a particular type of payment
 12 must be uniformly applied to all payments of the same type.
 13 (f) The political subdivision or municipally owned utility may
 14 contract with a bank card or credit card vendor for acceptance of bank
 15 cards or credit cards. However, if there is a vendor transaction charge
 16 or discount fee, whether billed to the political subdivision or
 17 municipally owned utility or charged directly to the political
 18 subdivision's or municipally owned utility's account, the political
 19 subdivision or municipally owned utility may collect from the person
 20 using the card either or both of the following:
 21 (1) An official fee that may not exceed the transaction charge or
 22 discount fee charged to the political subdivision or municipally
 23 owned utility by bank or credit card vendors.
 24 (2) A reasonable convenience fee:
 25 (A) that may not exceed three dollars (\$3); and
 26 (B) that must be uniform regardless of the bank card or
 27 credit card used.
 28 The fees described in subdivisions (1) and (2) may be collected
 29 regardless of retail merchant agreements between the bank and credit
 30 card vendors that may prohibit such fees. These fees are permitted
 31 additional charges under ~~IC 24-4.5-3-202~~ IC 37-2-4-5.
 32 (g) The political subdivision or municipally owned utility may pay
 33 any applicable bank card or credit card service charge associated with
 34 the use of a bank card or credit card under this subsection.
 35 (h) The authorization of the fiscal body of the political subdivision
 36 is not required by the bureau of motor vehicles or the bureau of motor
 37 vehicles commission to use electronic funds transfer or other financial
 38 instruments to transfer funds to the political subdivision.
 39 SECTION 9 ~~9~~ [3]. IC 36-2-7-10, AS AMENDED BY
 40 P.L.181-2025, SECTION 13, IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) The following
 42 definitions apply to this section:

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- 1 (1) "Copy" means:
- 2 (A) transcribing or duplicating a document by handwriting,
- 3 photocopy, xerography, or duplicating machine;
- 4 (B) duplicating electronically stored data onto a disk, tape,
- 5 drum, or any other means of electronic data storage; or
- 6 (C) reproducing a document by any other means.
- 7 (2) "Mortgage" means a transfer of rights to real property, in a
- 8 form substantially similar to that set forth in IC 32-29-1-5, with
- 9 or without warranty from the grantor. The term does not include:
- 10 (A) a mortgage modification;
- 11 (B) a mortgage assignment;
- 12 (C) a mortgage release; or
- 13 (D) a mortgage assumption.
- 14 (3) "Multiple transaction document" means a document
- 15 containing two (2) or more transactions of the same type.
- 16 (4) "Record" or "recording" means the act of placing a document
- 17 into the official records of the county recorder and includes the
- 18 functions of filing and filing for record.
- 19 (b) The county recorder shall charge and collect the fees
- 20 prescribed by this section for recording, filing, copying, and other
- 21 services the recorder renders, and shall pay them into the county
- 22 treasury at the end of each calendar month. The fees prescribed and
- 23 collected under this section supersede all other recording fees required
- 24 by law to be charged for services rendered by the county recorder.
- 25 (c) The county recorder shall charge the following:
- 26 (1) Twenty-five dollars (\$25) for recording any deed or other
- 27 instrument, other than a mortgage.
- 28 (2) Fifty-five dollars (\$55) for recording any mortgage.
- 29 (3) For pages larger than eight and one-half (8 1/2) inches by
- 30 fourteen (14) inches twenty-five dollars (\$25) for the first page
- 31 and five dollars (\$5) for each additional page of any document
- 32 the recorder records, if the pages are larger than eight and
- 33 one-half (8 1/2) inches by fourteen (14) inches.
- 34 (4) If the county recorder has elected to attest to the release,
- 35 partial release, or assignment of any mortgage, judgment, lien,
- 36 or oil and gas lease contained on a multiple transaction
- 37 document, the fee for each transaction after the first is seven
- 38 dollars (\$7) plus the amount provided in subdivision (1).
- 39 (5) For furnishing copies of records, the fee for each copy is:
- 40 (A) one dollar (\$1) per page that is not larger than eleven
- 41 (11) inches by seventeen (17) inches; and
- 42 (B) five dollars (\$5) per page that is larger than eleven (11)

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- 1 inches by seventeen (17) inches.
- 2 (6) Five dollars (\$5) for acknowledging or certifying to a
- 3 document.
- 4 (7) A fee in an amount authorized by an ordinance adopted by
- 5 the county legislative body for duplicating a computer tape, a
- 6 computer disk, an optical disk, microfilm, or similar media. This
- 7 fee may not cover making a handwritten copy or a photocopy or
- 8 using xerography or a duplicating machine.
- 9 (8) Twenty-five dollars (\$25) per parcel for recording the release
- 10 of a lien or liens of a political subdivision for a property sold or
- 11 transferred under IC 6-1.1-24-6.1 or IC 36-1-11, regardless of
- 12 the number of liens held by the political subdivision. This fee
- 13 applies to each political subdivision with a lien or liens on a
- 14 parcel. In addition to the fee under this subdivision, if a county
- 15 fiscal body adopts a fee under section 10.7 of this chapter, the
- 16 county recorder may charge the fee under section 10.7 of this
- 17 chapter for each document recorded by a political subdivision
- 18 under this subdivision.
- 19 (9) This subdivision applies in a county only if at least one (1)
- 20 unit in the county has established an affordable housing fund
- 21 under IC 5-20-5-15.5 and the county fiscal body adopts an
- 22 ordinance authorizing the fee described in this subdivision. An
- 23 ordinance adopted under this subdivision may authorize the
- 24 county recorder to charge a fee of ten dollars (\$10) for each
- 25 document the recorder records.
- 26 (10) This subdivision applies in a county containing a
- 27 consolidated city that has established a housing trust fund under
- 28 IC 36-7-15.1-35.5(e). This subdivision does not apply if the
- 29 county fiscal body adopts a fee under section 10.7 of this
- 30 chapter. The county fiscal body may adopt an ordinance
- 31 authorizing the fee described in this subdivision. An ordinance
- 32 adopted under this subdivision may authorize the county
- 33 recorder to charge a fee of:
 - 34 (A) two dollars and fifty cents (\$2.50) for the first page; and
 - 35 (B) one dollar (\$1) for each additional page;
 - 36 of each document the recorder records.
- 37 (d) This subsection does not apply in a county containing a
- 38 consolidated city. Section 10.5 of this chapter applies to the deposit of
- 39 fees collected under subsection (c)(1) and (c)(8) in a county containing
- 40 a consolidated city. The county recorder shall deposit the fees collected
- 41 under subsection (c)(1) and (c)(8) as follows:
 - 42 (1) Eight dollars (\$8) in the county general fund.

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- 1 (2) Five dollars (\$5) in the county surveyor's corner perpetuation
- 2 fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).
- 3 (3) Ten dollars (\$10) in the county recorder's records
- 4 perpetuation fund established under subsection (g).
- 5 (4) One dollar (\$1) in the county identification security
- 6 protection fund established under IC 36-2-7.5-11.
- 7 (5) One dollar (\$1) in the county elected officials training fund
- 8 under IC 36-2-7-19.
- 9 (e) This subsection does not apply in a county containing a
- 10 consolidated city. Section 10.5 of this chapter applies to the deposit of
- 11 fees collected under subsection (c)(2) in a county containing a
- 12 consolidated city. The county recorder shall deposit the fees collected
- 13 under subsection (c)(2) as follows:
- 14 (1) Thirty-four dollars (\$34) in the county general fund.
- 15 (2) Five dollars (\$5) in the county surveyor's corner perpetuation
- 16 fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).
- 17 (3) Eleven dollars and fifty cents (\$11.50) in the county
- 18 recorder's records perpetuation fund established under
- 19 subsection (g).
- 20 (4) Two dollars and fifty cents (\$2.50) with the county treasurer
- 21 to be distributed in accordance with ~~IC 24-9-9-3~~ IC 37-5-9-2 and
- 22 ~~IC 24-9-9-4~~ IC 37-5-9-3.
- 23 (5) One dollar (\$1) in the county identification security
- 24 protection fund established under IC 36-2-7.5-11.
- 25 (6) One dollar (\$1) in the county elected officials training fund
- 26 under IC 36-2-7-19.
- 27 (f) This subsection applies to all counties. A county recorder shall
- 28 deposit fees collected under subsection (c)(3), (c)(4), (c)(5), (c)(6), and
- 29 (c)(7) in the county recorder's records perpetuation fund established
- 30 under subsection (g).
- 31 (g) The county treasurer shall establish a county recorder's records
- 32 perpetuation fund. The fund consists of all fees collected under this
- 33 section for deposit in the fund and amounts transferred to the fund from
- 34 the county identification security protection fund under IC 36-2-7.5-11.
- 35 Except as provided in section 10.2 of this chapter, the county recorder
- 36 may use any money in this fund without appropriation for:
- 37 (1) the preservation of records; and
- 38 (2) the improvement of record keeping systems and equipment;
- 39 within the control of the county recorder. Money from the fund may not
- 40 be deposited or transferred into the county general fund and does not
- 41 revert to the county general fund at the end of a fiscal year.
- 42 (h) The county recorder shall post the fees set forth in subsection

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- 1 (c) in a prominent place within the county recorder's office where the
- 2 fee schedule will be readily accessible to the public.
- 3 (i) The county recorder may not charge or collect any fee for:
- 4 (1) recording an official bond of a public officer, a deputy, a deputy, an
- 5 appointee, or an employee; or
- 6 (2) performing any service under any of the following:
- 7 (A) IC 6-1.1-22-2(c).
- 8 (B) IC 8-23-7.
- 9 (C) IC 8-23-23.
- 10 (D) IC 10-17-2-3.
- 11 (E) IC 10-17-3-2.
- 12 (F) IC 12-14-13.
- 13 (G) IC 12-14-16.
- 14 (j) The state and its agencies and instrumentalities are required to
- 15 pay the recording fees and charges that this section prescribes.
- 16 (k) This subsection applies to a county other than a county
- 17 containing a consolidated city. The county treasurer shall distribute
- 18 money collected by the county recorder under subsection (c)(9) as
- 19 follows:
- 20 (1) Sixty percent (60%) of the money collected by the county
- 21 recorder under subsection (c)(9) shall be distributed to the units
- 22 in the county that have established an affordable housing fund
- 23 under IC 5-20-5-15.5 for deposit in the fund. The amount to be
- 24 distributed to a unit is the amount available for distribution
- 25 multiplied by a fraction. The numerator of the fraction is the
- 26 population of the unit. The denominator of the fraction is the
- 27 population of all units in the county that have established an
- 28 affordable housing fund. The population to be used for a county
- 29 that establishes an affordable housing fund is the population of
- 30 the county outside any city or town that has established an
- 31 affordable housing fund.
- 32 (2) Forty percent (40%) of the money collected by the county
- 33 recorder under subsection (c)(9) shall be distributed to the
- 34 treasurer of state for deposit in the affordable housing and
- 35 community development fund established under IC 5-20-4-7 for
- 36 the purposes of the fund.
- 37 Money shall be distributed under this subsection before the sixteenth
- 38 day of the month following the month in which the money is collected
- 39 from the county recorder.
- 40 (l) This subsection applies to a county described in subsection
- 41 (c)(10). The county treasurer shall distribute money collected by the
- 42 county recorder under subsection (c)(10) as follows:

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

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

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

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

20 SECTION 9~~5~~[4]. IC 36-2-7-10.5, AS AMENDED BY
21 P.L.181-2025, SECTION 16, IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10.5. (a) This section
23 applies only in a county containing a consolidated city.

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

- 26 (1) Nine dollars (\$9) in the county general fund.
- 27 (2) Five dollars (\$5) in the county surveyor's corner perpetuation
28 fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).
- 29 (3) Ten dollars (\$10) in the county recorder's records
30 perpetuation fund established under section 10(g) of this chapter.
- 31 (4) Fifty cents (\$0.50) in the county identification security
32 protection fund established under IC 36-2-7.5-11.
- 33 (5) Fifty cents (\$0.50) in the county elected officials training
34 fund under IC 36-2-7-19.

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

- 37 (1) Thirty-five dollars (\$35) in the county general fund.
- 38 (2) Five dollars (\$5) in the county surveyor's corner perpetuation
39 fund for use as provided under IC 21-47-3-3 or IC 36-2-12-11(e).
- 40 (3) Eleven dollars and fifty cents (\$11.50) in the county
41 recorder's records perpetuation fund established under section
42 10(g) of this chapter.

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- 1 (4) Two dollars and fifty cents (\$2.50) with the county treasurer
- 2 to be distributed in accordance with ~~IC 24-9-9-3~~ IC 37-5-9-2 and
- 3 ~~IC 24-9-9-4~~ IC 37-5-9-3.
- 4 (5) Fifty cents (\$0.50) in the county identification security
- 5 protection fund established under IC 36-2-7.5-11.
- 6 (6) Fifty cents (\$0.50) in the county elected officials training
- 7 fund under IC 36-2-7-19.

8 SECTION 9~~6~~⁵ IC 36-2-10-23 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. (a) Notwithstanding
 10 any other law, payments to the treasurer for any purpose, including
 11 property tax payments, may be made by any of the following financial
 12 instruments that the treasurer authorizes for use:

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

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

24 (c) A treasurer may contract with a bank card or credit card vendor
 25 for acceptance of bank or credit cards. However, if there is a vendor
 26 transaction charge or discount fee, whether billed to the treasurer or
 27 charged directly to the treasurer's account, the treasurer shall collect
 28 from the person using the card an official fee that may not exceed the
 29 highest transaction charge or discount fee charged to the treasurer by
 30 bank or credit card vendors during the most recent collection period.
 31 This fee may be collected regardless of retail merchant agreements
 32 between the bank and credit card vendors that may prohibit such a fee.
 33 The fee is a permitted additional charge under ~~IC 24-4.5-3-202~~
 34 IC 37-2-4-5.

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

39 SECTION 9~~7~~⁶ IC 36-2-11-27, AS ADDED BY
 40 P.L.171-2006, SECTION 23, IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 27. (a) A payment to
 42 the county recorder for any purpose may be made by any of the

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1 following financial instruments that the county recorder authorizes to
2 use:

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

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

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

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

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

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

36 SECTION 9~~8~~^[7]. IC 37 IS ADDED TO THE INDIANA CODE
37 AS A NEW TITLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
38 2026]:

39 **TITLE 37. CONSUMER LENDING**
40 **ARTICLE 1. FIRST LIEN MORTGAGE LENDING**
41 **Chapter 1. General Provisions**
42 **Sec. 0.1. This article must be construed as a recodification of**

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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 Development and the Consumer Financial Protection Bureau; and

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

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

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

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

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

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

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

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

(1) any provisions of this article; or

(2) the application of this article to any person or

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1 circumstances;
2 is held invalid, the invalidity does not affect other provisions or
3 applications of this article that can be given effect without the
4 invalid provision or application.

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

- 7 (1) that is secured by an interest in:
8 (A) a dwelling; or
9 (B) residential real estate upon which a dwelling is
10 constructed or intended to be constructed;

11 in Indiana; and
12 (2) the closing for which takes place after June 30, 2026.

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

- 15 (1) the debtor is not a resident of Indiana at the time the
16 transaction is entered into; and
17 (2) the laws of the debtor's state of residence require that the
18 transaction be made under the laws of the state of the
19 debtor's residence.

20 Sec. 6. This article does not apply to the following:

- 21 (1) Extensions of credit to government or governmental
22 agencies or instrumentalities.
23 (2) A first lien mortgage transaction in which the debt is
24 incurred primarily for a purpose other than a personal,
25 family, or household purpose.
26 (3) An extension of credit primarily for a business, a
27 commercial, or an agricultural purpose.
28 (4) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d),
29 and IC 37-1-3-19(e), a first lien mortgage transaction made:
30 (A) in compliance with the requirements of; and
31 (B) by a community development corporation (as
32 defined in IC 4-4-28-2) acting as a subrecipient of funds
33 from;

34 the Indiana housing and community development authority
35 established by IC 5-20-1-3.

36 (5) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d),
37 and IC 37-1-3-19(e), a first lien mortgage transaction made
38 by an entity that exclusively uses funds provided by the
39 United States Department of Housing and Urban
40 Development under Title 1 of the federal Housing and
41 Community Development Act of 1974, Public Law 93-383, as
42 amended (42 U.S.C. 5301 et seq.).

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- 1 **(6) An extension of credit originated by the following:**
 2 **(A) A depository institution.**
 3 **(B) Subsidiaries that are not licensed under this article**
 4 **and that are:**
 5 **(i) owned and controlled by a depository institution;**
 6 **and**
 7 **(ii) regulated by a federal banking agency.**
 8 **(C) An institution regulated by the Farm Credit**
 9 **Administration.**
 10 **(7) Except for IC 37-1-3-4(b), IC 37-1-3-8, IC 37-1-3-19(d),**
 11 **and IC 37-1-3-19(e), a credit union service organization that**
 12 **is majority owned, directly or indirectly, by one (1) or more**
 13 **credit unions.**
 14 **(8) A person that does not engage as a creditor in first lien**
 15 **mortgage transactions in Indiana. However, a person may**
 16 **voluntarily register with the department for the purpose of**
 17 **sponsoring employees who are licensed as mortgage loan**
 18 **originators under this article and 750 IAC 9-3, and who are**
 19 **engaged solely as third party loan processors or**
 20 **underwriters, if the person does the following:**
 21 **(A) Assumes responsibility for and reasonably**
 22 **supervises the activities of all licensed mortgage loan**
 23 **originators sponsored by the person.**
 24 **(B) Registers with and maintains a valid unique**
 25 **identifier issued by the NMLSR as required by**
 26 **IC 37-1-3-4(b), maintains a surety bond in accordance**
 27 **with IC 37-1-3-8, submits to the NMLSR reports of**
 28 **condition in accordance with IC 37-1-3-19(d) (subject to**
 29 **IC 37-1-3-9), and files financial statements with the**
 30 **department in accordance with IC 37-1-3-19(e).**
 31 **(C) Cooperates with the department, and provides**
 32 **access to records and documents, as required by the**
 33 **department in carrying out examinations of the**
 34 **activities of the licensed mortgage loan originators**
 35 **sponsored by the person, as described in**
 36 **IC 37-1-3-19(a).**
 37 **(D) Agrees to comply with all law, rules, directives, and**
 38 **orders in connection with the activities of the licensed**
 39 **mortgage loan originators sponsored by the person, as**
 40 **the director determines necessary to ensure compliance**
 41 **with the federal Secure and Fair Enforcement for**
 42 **Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.)**

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- 1 and with Indiana law.
- 2 **(9) A first lien mortgage transaction originated by a**
- 3 **registered mortgage loan originator, when acting for an**
- 4 **entity described in subdivision (6). However, a privately**
- 5 **insured state chartered credit union shall comply with the**
- 6 **system of mortgage loan originator registration developed by**
- 7 **the Federal Financial Institutions Examinations Council**
- 8 **under Section 1507 of the federal Secure and Fair**
- 9 **Enforcement for Mortgage Licensing Act of 2008 (SAFE).**
- 10 **(10) An individual who offers or negotiates terms of a**
- 11 **mortgage transaction with or on behalf of an immediate**
- 12 **family member of the individual.**
- 13 **(11) An individual who offers or negotiates terms of a**
- 14 **mortgage transaction secured by a dwelling that served as**
- 15 **the individual's residence.**
- 16 **(12) Unless the attorney is compensated by:**
- 17 **(A) a lender;**
- 18 **(B) a mortgage broker;**
- 19 **(C) another mortgage loan originator; or**
- 20 **(D) any agent of the lender, mortgage broker, or other**
- 21 **mortgage loan originator described in clauses (A)**
- 22 **through (C);**
- 23 **a licensed attorney who negotiates the terms of a mortgage**
- 24 **transaction on behalf of a client as an ancillary matter to the**
- 25 **attorney's representation of the client.**
- 26 **(13) The United States, any state or local government, or any**
- 27 **agency or instrumentality of any governmental entity,**
- 28 **including United States government sponsored enterprises.**
- 29 **(14) A person in whose name a tablefunded transaction is**
- 30 **closed. However, the exemption provided by this subdivision**
- 31 **does not apply if:**
- 32 **(A) the transaction:**
- 33 **(i) is secured by a dwelling that is a mobile home, a**
- 34 **manufactured home, or a trailer; and**
- 35 **(ii) is not also secured by an interest in land; and**
- 36 **(B) the person in whose name the transaction is closed**
- 37 **sells the dwelling to the debtor through a retail**
- 38 **installment contract or other similar transaction.**
- 39 **(15) A bona fide nonprofit organization not operating in a**
- 40 **commercial context, as determined by the director, if the**
- 41 **following criteria are satisfied:**
- 42 **(A) Subject to clause (B), the organization originates**

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- 1 only one (1) or both of the following types of mortgage
 2 transactions:
 3 (i) Zero (0) interest first lien mortgage transactions.
 4 (ii) Zero (0) interest subordinate lien mortgage
 5 transactions.
 6 (B) The organization does not require, under the terms
 7 of the mortgage or otherwise, balloon payments with
 8 respect to the mortgage transactions described in clause
 9 (A).
 10 (C) The organization is exempt from federal income
 11 taxation under Section 501(c)(3) of the Internal Revenue
 12 Code.
 13 (D) The organization's primary purpose is to serve the
 14 public by helping low income individuals and families
 15 build, repair, and purchase housing.
 16 (E) The organization uses only:
 17 (i) unpaid volunteers; or
 18 (ii) employees whose compensation is not based on
 19 the number or size of any mortgage transactions
 20 that the employees originate;
 21 to originate the mortgage transactions described in
 22 clause (A).
 23 (F) The organization does not charge loan origination
 24 fees in connection with the mortgage transactions
 25 described in clause (A).
 26 (16) A bona fide nonprofit organization if the following
 27 criteria are satisfied:
 28 (A) For each calendar year that the organization seeks
 29 the exemption provided by this subdivision, the
 30 organization certifies, not later than December 31 of the
 31 preceding calendar year and on a form prescribed by
 32 the director and accompanied by such documentation as
 33 required by the director, that the organization is a bona
 34 fide nonprofit organization.
 35 (B) The director determines that the organization
 36 originates only mortgage transactions that are favorable
 37 to the debtor. For purposes of this clause, a mortgage
 38 transaction is favorable to the debtor if the director
 39 determines that the terms of the mortgage transaction
 40 are consistent with terms of mortgage transactions made
 41 in a public or charitable context, rather than in a
 42 commercial context.



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1 **Sec. 7. (a) If a person licensed or required to be licensed by the**
 2 **department to engage in mortgage transactions also engages in**
 3 **activities of a loan broker described in IC 23-2.5, the activities of**
 4 **a loan broker are subject to the following sections of the Indiana**
 5 **Code and any rules adopted to implement these sections:**

6 (1) IC 23-2.5-8-1, except for IC 23-2.5-8-1(b)(2).

7 (2) IC 23-2.5-8-2.

8 (3) IC 23-2.5-11-15(b) and IC 23-2.5-11-15(c).

9 (4) IC 23-2.5-11-17.

10 (5) IC 23-2.5-8-3.

11 (6) IC 23-2.5-8-4 through IC 23-2.5-8-9.

12 (7) IC 23-2.5-8-10.

13 (8) IC 23-2.5-10-1.

14 (9) IC 23-2.5-9-1.

15 (10) IC 23-2.5-11-16.

16 **(b) Loan broker business transactions engaged in by persons**
 17 **licensed or required to be licensed by the department to engage in**
 18 **mortgage transactions are subject to examination by the**
 19 **department and to the examination fees described in**
 20 **IC 37-1-3-5(h)(3). The department may cooperate with the**
 21 **securities division of the office of the secretary of state in the**
 22 **department's examination of loan broker business transactions and**
 23 **may use the securities division's examiners to conduct**
 24 **examinations.**

25 **Sec. 8. In the department's examination and regulatory**
 26 **activities related to licensees under this article, the department**
 27 **may cooperate with the Indiana securities commissioner in the**
 28 **regulation of entities that, in addition to conducting business**
 29 **regulated under this article, also conduct activities of a loan broker**
 30 **subject to IC 23-2.5.**

31 **Sec. 9. A licensee may carry on other business at a location**
 32 **where the licensee engages in first lien mortgage transactions**
 33 **unless the licensee carries on other business for the purpose of**
 34 **evasion or violation of this article.**

35 **Chapter 2. Definitions**

36 **Sec. 1. The definitions set forth in this chapter apply**
 37 **throughout this article.**

38 **Sec. 2. "Affiliate", with respect to any person subject to this**
 39 **article, means a person that, directly or indirectly, through one (1)**
 40 **or more intermediaries:**

41 (1) controls;

42 (2) is controlled by; or



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1 (3) is under common control with;
2 the person subject to this article.

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

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

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

18 Sec. 6. "Balloon payment", with respect to a mortgage
19 transaction, means any payment:

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

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

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

26 if the aggregate amount of the minimum periodic payments
27 required under the mortgage would not fully amortize the
28 outstanding balance by the specified date or at the end of the
29 specified period. The term does not include a payment required by
30 a creditor under a due-on-sale clause (as defined in 12 U.S.C.
31 1701j-3(a)) or a payment required by a creditor under a provision
32 in the mortgage that permits the creditor to accelerate the debt
33 upon the debtor's default or failure to abide by the material terms
34 of the mortgage.

35 Sec. 7. "Bona fide nonprofit organization" means an
36 organization that does the following, as determined by the director,
37 under criteria established by the director:

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

40 (2) Promotes affordable housing or provides home ownership
41 education or similar services.

42 (3) Conducts the organization's activities in a manner that



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1 serves public or charitable purposes.

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

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

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

14 (7) Maintains certification by the United States Department
15 of Housing and Urban Development or employs counselors
16 who are certified by the Indiana housing and community
17 development authority.

18 Sec. 8. "Civil court" means any court in Indiana having
19 jurisdiction of civil cases.

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

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

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

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

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

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

30 (A) the amount of credit extended, the written credit
31 limit, or the initial advance does not exceed the exempt
32 threshold amount, as adjusted in accordance with the
33 annual adjustment of the exempt threshold amount,
34 specified in Regulation Z (12 CFR 226.3 or 12 CFR
35 1026.3(b), as applicable); or

36 (B) the debt is secured by personal property used or
37 expected to be used as the principal dwelling of the
38 buyer.

39 Sec. 10. "Credit" means the right granted by a creditor to a
40 debtor to defer payment of debt or to incur debt and defer its
41 payment.

42 Sec. 11. "Creditor" means a person:



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

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

9 The term does not include a person described in section 39 of this
 10 chapter in a tablefunded transaction. A creditor may be an
 11 individual, a limited liability company, a sole proprietorship, a
 12 partnership, a trust, a joint venture, a corporation, an
 13 unincorporated organization, or other form of entity, however
 14 organized.

15 Sec. 12. "Department" refers to the department of financial
 16 institutions.

17 Sec. 13. "Depository institution" has the meaning set forth in
 18 the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes
 19 any credit union.

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

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

- 25 (1) condominium unit;
- 26 (2) cooperative unit;
- 27 (3) mobile home; or
- 28 (4) trailer;

29 that is used as a residence.

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

33 Sec. 17. "Federal banking agencies" means the Board of
 34 Governors of the Federal Reserve System, the Office of the
 35 Comptroller of the Currency, the Office of Thrift Supervision, the
 36 National Credit Union Administration, and the Federal Deposit
 37 Insurance Corporation.

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

- 39 (1) a consumer loan; or
- 40 (2) a consumer credit sale;

41 that is or will be used by the debtor primarily for personal, family,
 42 or household purposes and that is secured by a mortgage or a land

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

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

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

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

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

14 Sec. 23. "Loan" includes:

15 (1) the creation of debt by:

16 (A) the creditor's payment of or agreement to pay
17 money to the debtor or to a third party for the account
18 of the debtor; or

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

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

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

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

32 Sec. 25. "Loan processor or underwriter" means an individual
33 who performs clerical or support duties as an employee at the
34 direction of, and subject to the supervision and instruction of, a
35 person licensed to engage in mortgage transactions or a person
36 exempt from licensing. For purposes of this section, the term
37 "clerical or support duties" may include, after the receipt of an
38 application, the following:

39 (1) The receipt, collection, distribution, and analysis of
40 information common for the processing or underwriting of
41 a mortgage transaction.

42 (2) The communication with a consumer to obtain the



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1 information necessary for the processing or underwriting of
2 a loan, to the extent that the communication does not
3 include:

- 4 (A) offering or negotiating loan rates or terms; or
- 5 (B) counseling consumers about mortgage transaction
6 rates or terms.

7 The term does not include an individual who is an employee of a
8 person that is not engaged in mortgage transactions as a creditor
9 if that person is permitted to voluntarily register with the
10 department to sponsor the individual under IC 37-1-1-6(8) to
11 engage solely in the activities described in this subdivision.

12 Sec. 26. "Mortgage loan originator" means an individual who,
13 for compensation or gain, or in the expectation of compensation or
14 gain, regularly engages in taking a mortgage transaction
15 application or in offering or negotiating the terms of a mortgage
16 transaction that either is made under this article or under IC 37-2
17 is made by an employee of a person licensed to engage in mortgage
18 transactions or by an employee of a person that is exempt from
19 licensing, while the employee is engaging in the loan brokerage
20 business. The term does not include the following:

21 (1) An individual engaged solely as a loan processor or
22 underwriter as long as the individual works exclusively as an
23 employee of a person licensed to engage in mortgage
24 transactions or as an employee of a person exempt from
25 licensing. However, the term includes an individual who is
26 licensed as a mortgage loan originator under this article and
27 750 IAC 9-3 and who is an employee of a person that is not
28 engaged in mortgage transactions as a creditor if that person
29 voluntarily registers with the department to sponsor the
30 individual under IC 37-1-1-6(8) to engage solely as a third
31 party processor or underwriter.

- 32 (2) Unless the person or entity is compensated by:
 - 33 (A) a creditor;
 - 34 (B) a loan broker;
 - 35 (C) another mortgage loan originator; or
 - 36 (D) any agent of a creditor, a loan broker, or another
37 mortgage loan originator described in clauses (A)
38 through (C);

39 a person or entity that performs only real estate brokerage
40 activities and is licensed or registered in accordance with
41 applicable state law.

- 42 (3) A person solely involved in extensions of credit relating

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1 to timeshare plans (as defined in 11 U.S.C. 101(53D)).

2 **Sec. 27. "Mortgage servicer"** means the last person to whom
3 a mortgagor or the mortgagor's successor in interest has been
4 instructed by a mortgagee to send payments on a loan secured by
5 a mortgage.

6 **Sec. 28. "Mortgage transaction"** means:

- 7 (1) a consumer loan; or
8 (2) a consumer credit sale;

9 that is or will be used by the debtor primarily for personal, family,
10 or household purposes and that is secured by a mortgage or a land
11 contract (or another consensual security interest equivalent to a
12 mortgage or a land contract) on a dwelling or on residential real
13 estate upon which a dwelling is constructed or intended to be
14 constructed.

15 **Sec. 29. "Nationwide Multistate Licensing System and
16 Registry"** (or "Nationwide Mortgage Licensing System and
17 Registry" or "NMLSR") means a multistate licensing system
18 owned and operated by the State Regulatory Registry, LLC, or by
19 any successor or affiliated entity, for the licensing and registration
20 of creditors, mortgage loan originators, and other persons in the
21 mortgage or financial services industries. The term includes any
22 other name or acronym that may be assigned to the system by the
23 State Regulatory Registry, LLC, or by any successor or affiliated
24 entity.

25 **Sec. 30. "Organization"** means a corporation, a government
26 or government subdivision, an agency, a trust, an estate, a
27 partnership, a limited liability company, a cooperative, an
28 association, a joint venture, an unincorporated organization, or
29 any other entity, however organized.

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

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

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

- 37 (1) the net amount paid to, receivable by, or paid or payable
38 for the account of the debtor; and
39 (2) to the extent that payment is deferred, amounts actually
40 paid or to be paid by the creditor for registration, certificate
41 of title, or license fees if not included in subdivision (1).

42 **Sec. 34. "Real estate brokerage activity"** means any activity



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1 that involves offering or providing real estate brokerage services
2 to the public, including the following:

- 3 (1) Acting as a real estate agent or real estate broker for a
- 4 buyer, seller, lessor, or lessee of real property.
- 5 (2) Bringing together parties interested in the sale, purchase,
- 6 lease, rental, or exchange of real property.
- 7 (3) Negotiating, on behalf of any party, any part of a contract
- 8 relating to the sale, purchase, lease, rental, or exchange of
- 9 real property (other than in connection with providing
- 10 financing with respect to the sale, purchase, lease, rental, or
- 11 exchange of real property).
- 12 (4) Engaging in any activity for which a person engaged in
- 13 the activity is required to be registered or licensed as a real
- 14 estate agent or real estate broker under any applicable law.
- 15 (5) Offering to engage in any activity, or act in any capacity,
- 16 described in this subsection.

17 **Sec. 35. "Registered mortgage loan originator" means any**
18 **individual who:**

- 19 (1) meets the definition of mortgage loan originator and is an
- 20 employee of:
- 21 (A) a depository institution;
- 22 (B) a subsidiary that is owned and controlled by a
- 23 depository institution and regulated by a federal
- 24 banking agency; or
- 25 (C) an institution regulated by the Farm Credit
- 26 Administration; and
- 27 (2) is registered with, and maintains a unique identifier
- 28 through, the NMLSR.

29 **Sec. 36. "Regularly engaged", with respect to a person who**
30 **extends or originates first lien mortgage transactions, refers to a**
31 **person who:**

- 32 (1) extended or originated more than five (5) first lien
- 33 mortgage transactions in the preceding calendar year; or
- 34 (2) extends or originates, or will extend or originate, more
- 35 than five (5) first lien mortgage transactions in the current
- 36 calendar year if the person did not extend or originate more
- 37 than five (5) first lien mortgage transactions in the preceding
- 38 calendar year.

39 **Sec. 37. "Residential real estate" means any real property that**
40 **is located in Indiana and on which there is located or intended to**
41 **be constructed a dwelling.**

42 **Sec. 38. "Revolving first lien mortgage transaction" means a**

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1 **first lien mortgage transaction in which:**

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

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

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

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

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

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

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

17 **Chapter 3. Miscellaneous Provisions**

18 **Sec. 1. (a) A creditor or mortgage servicer shall provide, in**
19 **writing, an accurate payoff amount for a first lien mortgage**
20 **transaction to the debtor not later than seven (7) business days**
21 **(excluding legal public holidays, Saturdays, and Sundays) after the**
22 **creditor or mortgage servicer receives the debtor's written request**
23 **for the accurate payoff amount. A payoff statement provided by a**
24 **creditor or mortgage servicer under this subsection must show the**
25 **date the statement was prepared and itemize the unpaid principal**
26 **balance and each fee, charge, or other sum included within the**
27 **payoff amount. A creditor or mortgage servicer who fails to**
28 **provide an accurate payoff amount is liable for:**

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

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

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

36 **(B) the loan finance charge that accrues on the first lien**
37 **mortgage transaction from the date the creditor or**
38 **mortgage servicer receives the first written request until**
39 **the date on which the accurate payoff amount is**
40 **provided;**

41 **if an accurate payoff amount is not provided by the creditor**
42 **or mortgage servicer not later than seven (7) business days**



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1 (excluding legal public holidays, Saturdays, and Sundays)
 2 after the creditor or mortgage servicer receives the debtor's
 3 second written request, and the creditor or mortgage
 4 servicer fails to comply with subdivision (1).

5 (b) This subsection applies to a first lien mortgage transaction,
 6 or the refinancing or consolidation of a first lien mortgage
 7 transaction, that:

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

9 (2) has an interest rate that is subject to change at one (1) or
 10 more times during the term of the first lien mortgage
 11 transaction.

12 A creditor in a transaction to which this subsection applies may not
 13 contract for and may not charge the debtor a prepayment fee or
 14 penalty.

15 (c) This subsection applies to a first lien mortgage transaction
 16 with respect to which any installment or minimum payment due is
 17 delinquent for at least sixty (60) days. The creditor, servicer, or the
 18 creditor's agent shall acknowledge a written offer made in
 19 connection with a proposed short sale not later than five (5)
 20 business days (excluding legal public holidays, Saturdays, and
 21 Sundays) after the date of the offer if the offer complies with the
 22 requirements for a qualified written request set forth in 12 U.S.C.
 23 2605(e)(1)(B). The creditor, servicer, or creditor's agent is required
 24 to acknowledge a written offer made in connection with a proposed
 25 short sale from a third party acting on behalf of the debtor only if
 26 the debtor has provided written authorization for the creditor,
 27 servicer, or creditor's agent to do so. Not later than thirty (30)
 28 business days (excluding legal public holidays, Saturdays, and
 29 Sundays) after receipt of an offer under this subsection, the
 30 creditor, servicer, or creditor's agent shall respond to the offer
 31 with an acceptance or a rejection of the offer. The thirty (30) day
 32 period described in this subsection may be extended for not more
 33 than fifteen (15) business days (excluding legal public holidays,
 34 Saturdays, and Sundays) if, before the end of the thirty (30) day
 35 period, the creditor, the servicer, or the creditor's agent notifies the
 36 debtor of the extension and the reason the extension is needed.
 37 Payment accepted by a creditor, servicer, or creditor's agent in
 38 connection with a short sale constitutes payment in full satisfaction
 39 of the first lien mortgage transaction unless the creditor, servicer,
 40 or creditor's agent obtains:

41 (1) the following statement: "The debtor remains liable for
 42 any amount still owed under the first lien mortgage



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1 **transaction."; or**
2 **(2) a statement substantially similar to the statement set**
3 **forth in subdivision (1);**
4 **acknowledged by the initials or signature of the debtor, on or**
5 **before the date on which the short sale payment is accepted. As**
6 **used in this subsection, "short sale" means a transaction in which**
7 **the property that is the subject of a first lien mortgage transaction**
8 **is sold for an amount that is less than the amount of the debtor's**
9 **outstanding obligation under the first lien mortgage transaction.**
10 **A creditor or mortgage servicer that fails to respond to an offer**
11 **within the time prescribed by this subsection is liable in accordance**
12 **with 12 U.S.C. 2605(f) in any action brought under that section.**
13 **(d) This section is not intended to provide the owner of real**
14 **estate subject to the issuance of process under a judgment or**
15 **decree of foreclosure any protection or defense against a deficiency**
16 **judgment for purposes of the borrower protections from liability**
17 **that must be disclosed under 12 CFR 1026.38(p)(3) on the form**
18 **required by 12 CFR 1026.38 ("Closing Disclosures" form under**
19 **the Amendments to the 2013 Integrated Mortgage Disclosures Rule**
20 **Under the Real Estate Settlement Procedures Act (Regulation X)**
21 **and the Truth In Lending Act (Regulation Z) and the 2013 Loan**
22 **Originator Rule Under the Truth in Lending Act (Regulation Z)).**
23 **Sec. 2. (a) Except as provided in subsection (b), the creditor**
24 **shall comply with disclosure requirements applicable to first lien**
25 **mortgage transactions in the Consumer Credit Protection Act (15**
26 **U.S.C. 1601 et seq.).**
27 **(b) Disclosures are not required if the transaction is exempt**
28 **from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).**
29 **Sec. 3. (a) A violation of a state or federal law, regulation, or**
30 **rule applicable to first lien mortgage transactions is a violation of**
31 **this article.**
32 **(b) The department may enforce penalty provisions set forth**
33 **in 15 U.S.C. 1640 for violations of disclosure requirements**
34 **applicable to first lien mortgage transactions.**
35 **Sec. 4. (a) Unless a person subject to this article has first**
36 **obtained a mortgage license from the department and annually**
37 **maintains the license, the person shall not engage in Indiana as a**
38 **creditor in first lien mortgage transactions. A separate mortgage**
39 **license is required for each legal entity that engages in Indiana as**
40 **a creditor in first lien mortgage transactions. However, a separate**
41 **mortgage license is not required for each branch of a legal entity**
42 **licensed by the department.**

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1 (b) Each:

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

4 (2) person exempt from licensing that:

5 (A) employs a licensed mortgage loan originator; or

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

8 shall register with and maintain a valid unique identifier issued by
9 the NMLSR. Each licensed mortgage loan originator must be
10 employed by, or sponsored as permitted by IC 37-1-1-6(8) or by
11 750 IAC 9, and associated with, a licensed creditor (or a person
12 exempt from licensing) that is registered with the NMLSR.

13 (c) An individual engaging solely in loan processor or
14 underwriter activities shall not represent to the public, through
15 advertising or other means of communicating or providing
16 information, including the use of business cards, stationery,
17 brochures, signs, rate lists, or other promotional items, that the
18 individual can or will perform any of the activities of a mortgage
19 loan originator. An individual who:

20 (1) is licensed as a mortgage loan originator under this
21 article and 750 IAC 9-3; and

22 (2) is sponsored by a person, as permitted by IC 37-1-1-6(8),
23 to engage solely as a third party loan processor or
24 underwriter;

25 is subject to the prohibition set forth in this subsection with respect
26 to the individual's engagement under the sponsorship.

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

29 (1) must contain content as set forth by rule, instruction, or
30 procedure of the director; and

31 (2) may be changed or updated as necessary by the director
32 to carry out the purposes of this article.

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

36 (1) collect and maintain records; and

37 (2) process transaction fees or other fees related to licensees
38 or other persons subject to this article.

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

41 (1) waive or modify, in whole or in part, by rule or order,
42 any of the requirements of this article; and



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1 (2) establish new requirements as reasonably necessary to
 2 participate in the NMLSR.
 3 Sec. 5. (a) The department shall receive and act on all
 4 applications for licenses to engage in first lien mortgage
 5 transactions. Applications must be made as prescribed by the
 6 director. If, at any time, the information or record contained in:
 7 (1) an application filed under this section; or
 8 (2) a renewal application filed under section 10 of this
 9 chapter;
 10 is or becomes inaccurate or incomplete in a material respect, the
 11 applicant shall promptly file a correcting amendment with the
 12 department.
 13 (b) A license may not be issued unless the department finds
 14 that the professional training and experience, financial
 15 responsibility, character, and fitness of:
 16 (1) the applicant and any significant affiliate of the applicant;
 17 (2) each executive officer, director, or manager of the
 18 applicant, or any other individual having a similar status or
 19 performing a similar function for the applicant; and
 20 (3) if known, each person directly or indirectly owning of
 21 record or owning beneficially at least ten percent (10%) of
 22 the outstanding shares of any class of equity security of the
 23 applicant;
 24 are such as to warrant belief that the business will be operated
 25 honestly and fairly within the purposes of this article.
 26 (c) The director is entitled to request evidence of compliance
 27 with this section at:
 28 (1) the time of application;
 29 (2) the time of renewal of a license; or
 30 (3) any other time considered necessary by the director.
 31 (d) Evidence of compliance with this section must include:
 32 (1) criminal background checks, as described in section 6 of
 33 this chapter, including a national criminal history
 34 background check (as defined in IC 10-13-3-12) by the
 35 Federal Bureau of Investigation, for any individual described
 36 in subsection (b);
 37 (2) credit histories as described in section 7 of this chapter;
 38 (3) surety bond requirements as described in section 8 of this
 39 chapter;
 40 (4) a review of licensure actions in Indiana and in other
 41 states; and
 42 (5) other background checks considered necessary by the

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- 1 **director.**
- 2 **(e) For purposes of this section and in order to reduce the**
- 3 **points of contact that the director has to maintain for purposes of**
- 4 **this section, the director may use the NMLSR as a channeling**
- 5 **agent for requesting and distributing information to and from any**
- 6 **source as directed by the director.**
- 7 **(f) The department may deny an application under this section**
- 8 **if the director of the department determines that the application**
- 9 **was submitted for the benefit of, or on behalf of, a person who does**
- 10 **not qualify for a license.**
- 11 **(g) Upon written request, the applicant is entitled to a hearing**
- 12 **on the question of the qualifications of the applicant for a license**
- 13 **in the manner provided in IC 4-21.5.**
- 14 **(h) The applicant shall pay the following fees at the time**
- 15 **designated by the department:**
- 16 **(1) An initial license fee as established by the department**
- 17 **under IC 28-11-3-5.**
- 18 **(2) An annual renewal fee as established by the department**
- 19 **under IC 28-11-3-5.**
- 20 **(3) Examination fees as established by the department under**
- 21 **IC 28-11-3-5.**
- 22 **(i) A fee as established by the department under IC 28-11-3-5**
- 23 **may be charged for each day a fee under subsection (h)(2) or (h)(3)**
- 24 **is delinquent.**
- 25 **(j) Except in a transaction approved under section 20 of this**
- 26 **chapter, a license issued under this section is not assignable or**
- 27 **transferable.**
- 28 **(k) If the department of state revenue notifies the department**
- 29 **that a person is on the most recent tax warrant list, the department**
- 30 **shall not issue or renew the person's license until:**
- 31 **(1) the person provides to the department a statement from**
- 32 **the department of state revenue that the person's tax**
- 33 **warrant has been satisfied; or**
- 34 **(2) the department receives a notice from the commissioner**
- 35 **of the department of state revenue under IC 6-8.1-8-2(k).**
- 36 **Sec. 6. (a) When the director requests a national criminal**
- 37 **history background check under section 5(d)(1) of this chapter for**
- 38 **an individual described in section 5(b) of this chapter, the director**
- 39 **shall require the individual to submit fingerprints to the**
- 40 **department, state police department, or NMLSR, as directed, at**
- 41 **the time evidence of compliance is requested under section 5(c) of**
- 42 **this chapter. The individual to whom the request is made shall pay**



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1 any fees or costs associated with processing and evaluating the
 2 fingerprints and the national criminal history background check.
 3 The national criminal history background check may be used by
 4 the director to determine the individual's compliance with this
 5 section. The director or the department may not release the results
 6 of the national criminal history background check to any private
 7 entity.

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

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

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

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

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

35 Sec. 8. (a) Each:

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

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



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- 1 **(b) A surety bond must:**
2 **(1) provide coverage for:**
3 **(A) a creditor; or**
4 **(B) a person that is exempt from licensing and that**
5 **employs a licensed mortgage loan originator, or that**
6 **sponsors a licensed mortgage loan originator as**
7 **permitted by IC 37-1-1-6(8) or by 750 IAC 9;**
8 **in an amount as prescribed in subsection (d);**
9 **(2) be in a form prescribed by the director;**
10 **(3) be in effect:**
11 **(A) during the term of the creditor's license; or**
12 **(B) at any time during which the person exempt from**
13 **licensing employs a licensed mortgage loan originator or**
14 **sponsors a licensed mortgage loan originator as**
15 **permitted by IC 37-1-1-6(8) or by 750 IAC 9;**
16 **as applicable;**
17 **(4) subject to subsection (c), remain in effect during the two**
18 **(2) years after:**
19 **(A) the license of the creditor is surrendered or**
20 **terminated; or**
21 **(B) the person exempt from licensing ceases to employ**
22 **a licensed mortgage loan originator, or ceases to sponsor**
23 **a licensed mortgage loan originator as permitted by**
24 **IC 37-1-1-6(8) or by 750 IAC 9, or to offer financial**
25 **services to individuals in Indiana, whichever is later;**
26 **as applicable;**
27 **(5) be payable to the department for the benefit of:**
28 **(A) the state; and**
29 **(B) individuals who reside in Indiana when they agree to**
30 **receive financial services from the creditor or the person**
31 **exempt from licensing, as applicable;**
32 **(6) be issued by a bonding, surety, or insurance company**
33 **authorized to do business in Indiana and rated at least "A-"**
34 **by at least one (1) nationally recognized investment rating**
35 **service; and**
36 **(7) have payment conditioned upon:**
37 **(A) the creditor's or any of the creditor's licensed**
38 **mortgage loan originators'; or**
39 **(B) the exempt person's or any of the exempt person's**
40 **licensed mortgage loan originators';**
41 **noncompliance with or violation of this chapter, 750 IAC 9,**
42 **or other federal or state laws or regulations applicable to**

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- 1 mortgage lending.
- 2 (c) The director may adopt rules or guidance documents with
3 respect to the requirements for a surety bond as necessary to
4 accomplish the purposes of this article. Upon written request from:
5 (1) a creditor described in subsection (a)(1); or
6 (2) an exempt person described in subsection (a)(2);
7 the director may, at the discretion of the director, waive or shorten
8 the two (2) year period set forth in subsection (b)(4) during which
9 a surety bond required by this section must remain in effect after
10 the occurrence of an event described in subsection (b)(4)(A) or
11 (b)(4)(B), as applicable.
- 12 (d) The penal sum of the surety bond shall be maintained in an
13 amount that reflects the dollar amount of mortgage transactions
14 originated as determined by the director. If the principal amount
15 of a surety bond required under this section is reduced by payment
16 of a claim or judgment, the creditor or exempt person for whom
17 the bond is issued shall immediately notify the director of the
18 reduction and, not later than thirty (30) days after notice by the
19 director, file a new or an additional surety bond in an amount set
20 by the director. The amount of the new or additional bond set by
21 the director must be at least the amount of the bond before
22 payment of the claim or judgment.
- 23 (e) If for any reason a surety terminates a bond issued under
24 this section, the creditor or the exempt person shall immediately
25 notify the department and file a new surety bond in an amount
26 determined by the director.
- 27 (f) Cancellation of a surety bond issued under this section does
28 not affect any liability incurred or accrued during the period when
29 the surety bond was in effect.
- 30 (g) The director may obtain satisfaction from a surety bond
31 issued under this section if the director incurs expenses, issues a
32 final order, or recovers a final judgment under this chapter.
- 33 (h) Notices required under this section must be made in
34 writing and submitted through the NMLSR or any other electronic
35 registration system that may be approved by the director.
- 36 **Sec. 9. (a) Subject to subsection (f), the director shall designate**
37 **the NMLSR to serve as the sole entity responsible for:**
38 (1) processing applications and renewals for mortgage
39 licenses;
40 (2) issuing unique identifiers for licensees and persons
41 exempt from licensing that employ or sponsor a licensed
42 mortgage loan originator under this article; and



- 1 (3) performing other services that the director determines
2 are necessary for the orderly administration of the
3 department's mortgage licensing system.
- 4 (b) Subject to the confidentiality provisions contained in
5 IC 5-14-3, this section, and IC 28-1-2-30, the director may
6 regularly report significant or recurring violations of this article
7 to the NMLSR.
- 8 (c) Subject to the confidentiality provisions contained in
9 IC 5-14-3, this section, and IC 28-1-2-30, the director may report
10 complaints received regarding mortgage licensees to the NMLSR.
- 11 (d) The director may report publicly adjudicated licensure
12 actions against a licensee to the NMLSR.
- 13 (e) The director shall establish a process in which licensees
14 may challenge information reported to the NMLSR by the
15 department.
- 16 (f) The director's authority to designate the NMLSR under
17 subsection (a) is subject to the following:
- 18 (1) Information stored in the NMLSR is subject to the
19 confidentiality provisions of IC 5-14-3 and IC 28-1-2-30. A
20 person may not:
- 21 (A) obtain information from the NMLSR, unless the
22 person is authorized to do so by statute;
- 23 (B) initiate any civil action based on information
24 obtained from the NMLSR if the information is not
25 otherwise available to the person under any other state
26 law; or
- 27 (C) initiate any civil action based on information
28 obtained from the NMLSR if the person could not have
29 initiated the action based on information otherwise
30 available to the person under any other state law.
- 31 (2) Documents, materials, and other forms of information in
32 the control or possession of the NMLSR that are confidential
33 under IC 28-1-2-30 and that are:
- 34 (A) furnished by the director, the director's designee, or
35 a licensee; or
- 36 (B) otherwise obtained by the NMLSR;
- 37 are confidential and privileged by law and are not subject to
38 inspection under IC 5-14-3, subject to subpoena, subject to
39 discovery, or admissible in evidence in any civil action.
40 However, the director may use the documents, materials, or
41 other information available to the director in furtherance of
42 any action brought in connection with the director's duties

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- 1 under this article.
 2 **(3) Disclosure of documents, materials, and information:**
 3 **(A) to the director; or**
 4 **(B) by the director;**
 5 under this subsection does not result in a waiver of any
 6 applicable privilege or claim of confidentiality with respect
 7 to the documents, materials, or information.
 8 **(4) Information provided to the NMLSR is subject to**
 9 **IC 4-1-11.**
 10 **(5) This subsection does not limit or impair a person's right**
 11 **to:**
 12 **(A) obtain information;**
 13 **(B) use information as evidence in a civil action or**
 14 **proceeding; or**
 15 **(C) use information to initiate a civil action or**
 16 **proceeding;**
 17 if the information may be obtained from the director or the
 18 director's designee under any law.
 19 **(6) Except as otherwise provided in the federal Housing and**
 20 **Economic Recovery Act of 2008 (Public Law 110-289,**
 21 **Section 1512), the requirements under any federal law or**
 22 **IC 5-14-3 regarding the privacy or confidentiality of any**
 23 **information or material provided to the NMLSR, and any**
 24 **privilege arising under federal or state law, including the**
 25 **rules of any federal or state court, with respect to the**
 26 **information or material, continue to apply to the information**
 27 **or material after the information or material has been**
 28 **disclosed to the NMLSR. The information and material may**
 29 **be shared with all state and federal regulatory officials with**
 30 **mortgage industry oversight authority without the loss of**
 31 **privilege or the loss of confidentiality protections provided**
 32 **by federal law or IC 5-14-3.**
 33 **(7) For purposes of this section, the director may enter**
 34 **agreements or sharing arrangements with other**
 35 **governmental agencies, the Conference of State Bank**
 36 **Supervisors, the American Association of Residential**
 37 **Mortgage Regulators, or other associations representing**
 38 **governmental agencies, as established by rule or order of the**
 39 **director.**
 40 **(8) Information or material that is subject to a privilege or**
 41 **confidentiality under subdivision (6) is not subject to:**
 42 **(A) disclosure under any federal or state law governing**

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1 the disclosure to the public of information held by an
 2 officer or an agency of the federal government or the
 3 respective state; or

4 (B) subpoena, discovery, or admission into evidence in
 5 any private civil action or administrative process, unless
 6 with respect to any privilege held by the NMLSR with
 7 respect to the information or material, the person to
 8 whom the information or material pertains waives, in
 9 whole or in part, in the discretion of the person, that
 10 privilege.

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

13 (A) confidential supervisory information; or

14 (B) any information or material described in subdivision
 15 (6);

16 and that is inconsistent with subdivision (6) is superseded by
 17 this section.

18 (10) This section does not apply with respect to information
 19 or material that concerns the employment history of, and
 20 publicly adjudicated disciplinary and enforcement actions
 21 against, a person described in section 5(b) of this chapter and
 22 that is included in the NMLSR for access by the public.

23 (11) The director may require a licensee required to submit
 24 information to the NMLSR to pay a processing fee
 25 considered reasonable by the director. In determining
 26 whether an NMLSR processing fee is reasonable, the
 27 director shall:

28 (A) require review of; and

29 (B) make available;

30 the audited financial statements of the NMLSR.

31 (g) Notwithstanding any other provision of law, any:

32 (1) application, renewal, or other form or document that:

33 (A) relates to mortgage licenses issued by the
 34 department; and

35 (B) is made or produced in an electronic format;

36 (2) document filed as an electronic record in a multistate
 37 automated repository established and operated for the
 38 licensing or registration of mortgage lenders, brokers, or
 39 loan originators; or

40 (3) electronic record filed through the NMLSR;

41 is considered a valid original document when reproduced in paper
 42 form by the department.



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1 **Sec. 10. (a) A mortgage license issued by the department must**
 2 **be renewed through the NMLSR not later than December 31 of**
 3 **each calendar year. The minimum standards for license renewal**
 4 **for a creditor include the following:**

5 **(1) The creditor has continued to meet the surety bond**
 6 **requirement under section 8 of this chapter.**

7 **(2) The creditor has filed the creditor's call report in a**
 8 **manner that satisfies section 19(d) of this chapter.**

9 **(3) The creditor has paid all required fees for renewal of the**
 10 **license.**

11 **(4) The creditor and individuals described in section 5(b) of**
 12 **this chapter have certified to the department that they**
 13 **continue to meet all the standards for licensing contained in**
 14 **section 5 of this chapter.**

15 **(5) The creditor has provided in the creditor's renewal**
 16 **application:**

17 **(A) any information describing material changes in the**
 18 **information contained in the creditor's original**
 19 **application for licensure, or in any previous application,**
 20 **including any previous renewal application; and**

21 **(B) any other information the director requires in order**
 22 **to evaluate the renewal of the license.**

23 **(b) A license issued by the department authorizing a person to**
 24 **engage in first lien mortgage transactions as a creditor under this**
 25 **article may be revoked or suspended by the department if the**
 26 **person fails to:**

27 **(1) file any renewal form required by the department; or**

28 **(2) pay any license renewal fee described under section 5 of**
 29 **this chapter;**

30 **not later than sixty (60) days after the due date.**

31 **(c) A person whose license is revoked or suspended under this**
 32 **section may do either of the following:**

33 **(1) Pay all delinquent fees and apply for reinstatement of the**
 34 **license.**

35 **(2) Appeal the revocation or suspension to the department**
 36 **for an administrative review under IC 4-21.5-3. Pending the**
 37 **decision resulting from the hearing under IC 4-21.5-3**
 38 **concerning the license revocation or suspension, the license**
 39 **remains in force.**

40 **(d) If, at any time, the information or record contained in:**

41 **(1) an original application for licensure filed under section 5**
 42 **of this chapter; or**



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1 (2) a renewal application filed under this section;
 2 is or becomes inaccurate or incomplete in a material respect, the
 3 applicant shall promptly file a correcting amendment with the
 4 department.

5 Sec. 11. (a) The department may issue to a person licensed as
 6 a creditor to engage in first lien mortgage transactions an order to
 7 show cause why the person's license should not be revoked or
 8 suspended for a period determined by the department.

9 (b) An order issued under subsection (a) must:

10 (1) include:

11 (A) a statement of the place, date, and time for a meeting
 12 with the department, which date may not be less than
 13 ten (10) days from the date of the order;

14 (B) a description of the action contemplated by the
 15 department; and

16 (C) a statement of the facts or conduct supporting the
 17 issuance of the order; and

18 (2) be accompanied by a notice stating that the licensee is
 19 entitled to:

20 (A) a reasonable opportunity to be heard; and

21 (B) show the licensee's compliance with all lawful
 22 requirements for retention of the license;

23 at the meeting described in subdivision (1)(A).

24 (c) After the meeting described in subsection (b)(1)(A), the
 25 department may revoke or suspend the license if the department
 26 finds that:

27 (1) the licensee has repeatedly and willfully violated:

28 (A) this article or any applicable rule, order, or guidance
 29 document adopted or issued by the department; or

30 (B) any other state or federal law, regulation, or rule
 31 applicable to first lien mortgage transactions;

32 (2) the licensee does not meet the licensing qualifications
 33 contained in section 5 of this chapter;

34 (3) the licensee obtained the license for the benefit of, or on
 35 behalf of, another person;

36 (4) the licensee knowingly or intentionally made material
 37 misrepresentations to, or concealed material information
 38 from, the department; or

39 (5) facts or conditions exist that, had they existed at the time
 40 the licensee applied for the license, would have been grounds
 41 for the department to deny the issuance of the license.

42 (d) Whenever the department revokes or suspends a license,



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1 the department shall enter an order to that effect and notify the
2 licensee of:

- 3 (1) the revocation or suspension;
- 4 (2) if a suspension has been ordered, the duration of the
5 suspension;
- 6 (3) the procedure for appealing the revocation or suspension
7 under IC 4-21.5-3-6; and
- 8 (4) any other terms and conditions that apply to the
9 revocation or suspension.

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

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

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

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

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

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

- 32 (1) has committed a violation of a statute, a rule, a final cease
33 and desist order, any condition imposed in writing by the
34 director in connection with the granting of any application
35 or other request by the creditor, or any written agreement
36 between the creditor and the director or the department;
- 37 (2) has committed fraudulent or unconscionable conduct; or
- 38 (3) has been convicted of a felony under the laws of Indiana
39 or any other jurisdiction;

40 the director, subject to subsection (b), may issue and serve upon
41 the officer, director, or manager a notice of the director's intent to
42 issue an order removing the person from the person's office or

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1 employment, an order prohibiting any participation by the person
 2 in the conduct of the affairs of any creditor, or an order both
 3 removing the person and prohibiting the person's participation.

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

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

9 (2) The violation, practice, or breach involves an act of
 10 fraud, dishonesty, theft, breach of trust, money laundering,
 11 or the wrongful taking of property on the part of the officer,
 12 director, or manager involved.

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

17 (c) A person who has been convicted of a felony under the laws
 18 of Indiana or any other jurisdiction may not serve as an officer, a
 19 director, or a manager of a creditor, or serve in any similar
 20 capacity, unless the person obtains the written consent of the
 21 director.

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

25 (e) A creditor shall give the department written notice of the
 26 resignation, discharge, or termination of an employee, independent
 27 contractor, or agent against whom allegations were made that
 28 accused the employee, independent contractor, or agent of:

29 (1) violating this article or other laws, regulations, rules, or
 30 industry standards of conduct applicable to first lien
 31 mortgage transactions; or

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

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

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

38 (1) be in writing;

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

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



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1 (4) state the director's intention to enter an order under
 2 section 15(a) of this chapter;
 3 (5) be delivered to the board of directors of the creditor;
 4 (6) be delivered to the officer, director, or manager
 5 concerned;
 6 (7) specify the procedures that must be followed to initiate a
 7 hearing to contest the facts alleged; and
 8 (8) if the director suspends or prohibits an officer, a director,
 9 or a manager of the creditor from participating in the affairs
 10 of the creditor, as described in subsection (e), include a
 11 statement of the suspension or prohibition.

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

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

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

26 (e) The director may, for the protection of the creditor or the
 27 interests of its customers, suspend from office or prohibit from
 28 participation in the affairs of the creditor an officer, a director, or
 29 a manager of a creditor who is the subject of a written notice
 30 served by the director under section 12(a) of this chapter. A
 31 suspension or prohibition under this subsection becomes effective
 32 upon service of the notice under section 12(a) of this chapter.
 33 Unless stayed by a court in a proceeding authorized by subsection
 34 (f), the suspension or prohibition remains in effect pending
 35 completion of the proceedings related to the notice served under
 36 section 12(a) of this chapter and until the effective date of an order
 37 entered by the department under subsection (b) or the director
 38 under subsection (c). Copies of the notice shall also be served upon
 39 the creditor or affiliate of which the person is an officer, a director,
 40 or a manager.

41 (f) Not more than fifteen (15) days after an officer, a director,
 42 or a manager has been suspended from office or prohibited from



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1 participation in the conduct of the affairs of the creditor or affiliate
 2 under subsection (e), the officer, director, or manager may apply
 3 to a court having jurisdiction for a stay of the suspension or
 4 prohibition pending completion of the proceedings related to the
 5 written notice served under section 12(a) of this chapter, and the
 6 court may stay the suspension or prohibition.

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

9 Sec. 14. If the director enters into a consent to a final order
 10 under section 15 of this chapter with a creditor, a director, an
 11 officer, or a manager, the director is not required to issue and
 12 serve a notice of charges upon the creditor, director, officer, or
 13 manager under section 12 of this chapter. A consent agreement
 14 may be negotiated and entered into before or after the issuance of
 15 a notice of charges. The director shall provide a copy of the consent
 16 order to the board of directors of the creditor.

17 Sec. 15. (a) If, after a hearing described in section 13(b) of this
 18 chapter, the department finds that the conditions specified in
 19 section 12 of this chapter have been established, the department
 20 may issue a final order. If a hearing is not requested within the
 21 time specified in section 13(b) of this chapter, the director may
 22 issue a final order on the basis of the facts set forth in the written
 23 notice served under section 12(a) of this chapter.

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

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

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

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

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

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

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



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

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

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

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

16 (b) A final order remains effective and enforceable as provided
 17 in the order.

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

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

24 (1) The appropriateness of the civil penalty with respect to
 25 the financial resources and good faith of the individual
 26 charged.

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

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

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

31 (5) Other factors that justice requires.

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

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

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

39 (1) An order issued under this chapter.

40 (2) A written agreement entered into by the department or
 41 the director and any director, officer, or employee of a
 42 creditor.



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

4 Sec. 19. (a) Every licensee shall maintain records in a manner
 5 that will enable the department to determine whether the licensee
 6 is complying with this article. The record keeping system of a
 7 licensee is sufficient if the licensee makes the required information
 8 reasonably available. The department shall determine the
 9 sufficiency of the records and whether the licensee has made the
 10 required information reasonably available. The department shall
 11 be given free access to the records wherever the records are
 12 located. Records concerning any first lien mortgage transaction
 13 shall be retained for two (2) years after the making of the final
 14 entry relating to the transaction, but in the case of a revolving first
 15 lien mortgage transaction, the two (2) years required under this
 16 subsection is measured from the date of each entry relating to the
 17 transaction. A person that voluntarily registers with the
 18 department under IC 37-1-1-6(8) for the purpose of sponsoring
 19 licensed mortgage loan originators shall:

20 (1) cooperate with the department; and

21 (2) provide access to records and documents;

22 as required by the department in carrying out examinations of the
 23 activities of the licensed mortgage loan originators sponsored by
 24 the person.

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

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

33 (d) Each:

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

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

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

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

42 shall submit to the NMLSR reports of condition, which must be in



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1 a form and must contain information as required by the NMLSR.

2 (e) Each:

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

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

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

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

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

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

18 (1) has a change in name, address, or any of its principals;

19 (2) opens a new branch, closes an existing branch, or
20 relocates an existing branch;

21 (3) files for bankruptcy or reorganization; or

22 (4) is subject to revocation or suspension proceedings by a
23 state or governmental authority with regard to the licensed
24 creditor's activities;

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

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

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

42 Sec. 20. (a) As used in this section, "control" means possession



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1 of the power directly or indirectly to:

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

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

19 (c) The period for approval under subsection (b) may be
 20 extended:

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

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

25 (A) the director determines that the organization,
 26 individual, or individuals who propose to acquire
 27 control have not submitted substantial evidence of the
 28 qualifications described in subsection (d);

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

31 (C) the director has been unable to complete the
 32 investigation of the organization, individual, or
 33 individuals who propose to acquire control because of
 34 any delay caused by or the inadequate cooperation of
 35 the organization, individual, or individuals.

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

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

42 (2) The interests of the owners and creditors of the creditor



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1 and the interests of the public generally will not be
2 jeopardized by the proposed change in control.

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

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

14 (g) Depending on the circumstances of the transaction, the
15 director may reserve the right to require the organization,
16 individual, or individuals who propose to acquire control of a
17 creditor licensed by the department to engage in mortgage
18 transactions, to apply for a new license under section 4 of this
19 chapter, instead of acquiring control of the licensee under this
20 section.

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

23 Sec. 22. (a) A violation by a creditor in a first lien mortgage
24 transaction of Section 125 of the Consumer Credit Protection Act
25 (15 U.S.C. 1635) (concerning a debtor's right to rescind a
26 transaction) constitutes a violation of this article. A creditor may
27 not accrue interest during the period when a first lien mortgage
28 transaction may be rescinded under Section 125 of the Consumer
29 Credit Protection Act (15 U.S.C. 1635).

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

- 32 (1) the date the creditor is reasonably satisfied that the
33 debtor has not rescinded the transaction; or
34 (2) the first business day after the expiration of the rescission
35 period under subsection (a).

36 Sec. 23. A creditor in a first lien mortgage transaction that:
37 (1) qualifies as a home equity conversion mortgage under the
38 Federal Housing Administration's program; or
39 (2) otherwise constitutes a reverse mortgage;

40 shall provide the debtor with a pamphlet that is approved by the
41 department and that describes the availability of reverse mortgage
42 counseling services provided by housing counselors approved by



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1 the Secretary of the United States Department of Housing and
 2 Urban Development, as provided in 24 CFR 206.41(a). The debtor
 3 must receive the counseling described in this section and present
 4 the creditor with the certificate described in 24 CFR 206.41(c)
 5 before the creditor may make a first lien mortgage transaction
 6 described in this section to the debtor.

7 **Chapter 4. Administration**

8 **Sec. 1.** This chapter applies to a person that engages as a
 9 creditor in first lien mortgage transactions in Indiana. The
 10 authority of this chapter remains in effect, whether a licensee,
 11 individual, or person subject to this article acts or claims to act
 12 under any licensing or registration law of Indiana or claims to act
 13 without such authority.

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

16 (1) receive and act on complaints, take action designed to
 17 obtain voluntary compliance with this article, or commence
 18 proceedings on the department's own initiative;

19 (2) counsel persons and groups on their rights and duties
 20 under this article;

21 (3) establish programs for the education of consumers with
 22 respect to credit practices and problems;

23 (4) make studies appropriate to effectuate the purposes and
 24 policies of this article and make the results available to the
 25 public;

26 (5) adopt, amend, and repeal rules, orders, policies, and
 27 forms to carry out the provisions of this article;

28 (6) maintain more than one (1) office within Indiana; and

29 (7) appoint any necessary attorneys, hearing examiners,
 30 clerks, and other employees and agents and fix their
 31 compensation, and authorize attorneys appointed under this
 32 section to appear for and represent the department in court.

33 **(b)** Liability may not be imposed under this article for an act
 34 done or omitted in conformity with a rule, written notice, written
 35 opinion, written interpretation, or written directive of the
 36 department notwithstanding the fact that after the act is done or
 37 omitted the rule, written notice, written opinion, written
 38 interpretation, or written directive may be:

39 (1) amended or repealed; or

40 (2) determined by judicial or other authority to be invalid;

41 for any reason.

42 **Sec. 3. (a)** In administering this article and in order to



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1 determine whether the provisions of this article are being complied
 2 with by persons engaging in acts subject to this article, the
 3 department may examine the records of persons and may make
 4 investigations of persons as may be necessary to determine
 5 compliance. Records subject to examination under this section
 6 include the following:

7 (1) Training, operating, and policy manuals.

8 (2) Minutes of:

9 (A) management meetings; and

10 (B) other meetings.

11 (3) Financial records, credit files, and data bases.

12 (4) Other records that the department determines are
 13 necessary to perform its investigation or examination.

14 The department may also administer oaths or affirmations,
 15 subpoena witnesses, and compel the attendance of witnesses,
 16 including officers, principals, mortgage loan originators,
 17 employees, independent contractors, agents, and customers of
 18 licensees, and other individuals or persons subject to this article.
 19 The department may also adduce evidence and require the
 20 production of any matter that is relevant to an investigation. The
 21 department shall determine the sufficiency of the records
 22 maintained and whether the person has made the required
 23 information reasonably available. The records concerning any
 24 transaction subject to this article shall be retained for two (2) years
 25 after the making of the final entry relating to the first lien
 26 mortgage transaction, but in the case of a revolving first lien
 27 mortgage transaction the two (2) year period is measured from the
 28 date of each entry.

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

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

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

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

38 (c) The department shall be given free access to the records
 39 wherever the records are located. In making any examination or
 40 investigation authorized by this article, the director may control
 41 access to any documents and records of the licensee or person
 42 under examination or investigation. The director may take



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1 possession of the documents and records or place a person in
 2 exclusive charge of the documents and records in the place where
 3 the documents are usually kept. During the period of control, a
 4 licensee or person may not remove or attempt to remove any of the
 5 documents and records except under a court order or with the
 6 consent of the director. Unless the director has reasonable grounds
 7 to believe the documents or records of the licensee or person have
 8 been, or are, at risk of being altered or destroyed for purposes of
 9 concealing a violation of this article, the licensee or person shall
 10 have access to the documents or records as necessary to conduct
 11 the licensee's or person's ordinary business affairs. If the person's
 12 records are located outside Indiana, the records shall be made
 13 available to the department at a convenient location within
 14 Indiana, or the person shall pay the reasonable and necessary
 15 expenses for the department or the department's representative to
 16 examine the records where they are maintained. The department
 17 may designate comparable officials of the state in which the
 18 records are located to inspect the records on behalf of the
 19 department.

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

25 (e) The department shall not make public:

- 26 (1) the name or identity of a person whose acts or conduct
- 27 the department investigates under this section; or
- 28 (2) the facts discovered in the investigation.

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

31 (f) To discover violations of this article or to secure
 32 information necessary for the enforcement of this article, the
 33 department may investigate any:

- 34 (1) licensee; or
- 35 (2) person that the department suspects to be operating:
 - 36 (A) without a license, when a license is required under
 - 37 this article; or
 - 38 (B) otherwise in violation of this article.

39 The department has all investigatory and enforcement authority
 40 under this article that the department has under IC 28-11 with
 41 respect to financial institutions. If the department conducts an
 42 investigation under this section, the licensee or other person



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1 investigated shall pay all reasonably incurred costs of the
 2 investigation in accordance with the fee schedule adopted under
 3 IC 28-11-3-5. Any costs required to be paid under this section shall
 4 be paid not later than sixty (60) days after the person being
 5 assessed the costs receives a notice from the department of the
 6 costs assessed. The department may impose a fee, in an amount
 7 fixed by the department under IC 28-11-3-5, for each day the
 8 assessed costs are not paid, beginning on the first day after the
 9 sixty (60) day period described in this subsection.

10 (g) If a creditor contracts with an outside vendor to provide a
 11 service that would otherwise be undertaken internally by the
 12 creditor and be subject to the department's routine examination
 13 procedures, the person that provides the service to the creditor
 14 shall, at the request of the director, submit to an examination by
 15 the department. If the director determines that an examination
 16 under this subsection is necessary or desirable, the examination
 17 may be made at the expense of the person to be examined. If the
 18 person to be examined under this subsection refuses to permit the
 19 examination to be made, the director may order any creditor that
 20 is licensed by the department to engage in mortgage transactions
 21 and that receives services from the person refusing the
 22 examination to:

- 23 (1) discontinue receiving one (1) or more services from the
- 24 person; or
- 25 (2) otherwise cease conducting business with the person.

26 Sec. 4. To carry out the purposes of this article, the director
 27 may:

- 28 (1) retain attorneys, accountants, or other professionals and
- 29 specialists as examiners, auditors, or investigators to conduct
- 30 or assist in the conduct of examinations or investigations;
- 31 (2) enter into agreements or relationships with other
- 32 government officials or regulatory associations in order to
- 33 improve efficiencies and reduce regulatory burden by
- 34 sharing:
 - 35 (A) resources;
 - 36 (B) standardized or uniform methods or procedures;
 - 37 and
 - 38 (C) documents, records, information, or evidence
 - 39 obtained under this section;
- 40 (3) use, hire, contract, or employ public or privately
- 41 available analytical systems, methods, or software to
- 42 examine or investigate a licensee, an individual, or a person



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- 1 subject to this article;
- 2 (4) accept and rely on examination or investigation reports
- 3 made by other government officials within or outside
- 4 Indiana; and
- 5 (5) accept audit reports made by an independent certified
- 6 public accountant for the licensee, individual, or person
- 7 subject to this article in the course of that part of the
- 8 examination covering the same general subject matter as the
- 9 audit and may incorporate the audit report in the report of
- 10 the examination, report of investigation, or other writing of
- 11 the director.

12 **Sec. 5. 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 or
- 35 regulation adopted under this article and any other
- 36 applicable state or federal law regulation;
- 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, with regard to the rates, points, or other

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- 1 financing terms or conditions for a mortgage transaction, or
- 2 engage in bait and switch advertising;
- 3 (10) negligently make any false statement or knowingly and
- 4 willfully make any omission of material fact in connection
- 5 with any information or reports filed with a governmental
- 6 agency or the NMLSR or in connection with any
- 7 investigation conducted by the director or another
- 8 governmental agency;
- 9 (11) make any payment, threat, or promise, directly or
- 10 indirectly, to any person for the purposes of influencing the
- 11 independent judgment of the person in connection with a
- 12 mortgage transaction, or make any payment, threat, or
- 13 promise, directly or indirectly, to any appraiser of a
- 14 property, for the purposes of influencing the independent
- 15 judgment of the appraiser with respect to the value of the
- 16 property;
- 17 (12) collect, charge, attempt to collect or charge, or use or
- 18 propose any agreement purporting to collect or charge any
- 19 fee prohibited by this article;
- 20 (13) cause or require a borrower to obtain property
- 21 insurance coverage in an amount that exceeds the
- 22 replacement cost of the improvements as established by the
- 23 property insurer;
- 24 (14) fail to account truthfully for money belonging to a party
- 25 to a mortgage transaction; or
- 26 (15) knowingly withhold, abstract, remove, mutilate, destroy,
- 27 or secrete any books, records, computer records, or other
- 28 information subject to examination under this article.

29 Sec. 6. Except as otherwise provided, IC 4-21.5-3 governs any
 30 action taken by the department under this chapter or IC 37-1-3-4
 31 through IC 37-1-3-19. IC 4-22-2 applies to the adoption of rules by
 32 the department under this article. All proceedings for
 33 administrative review under IC 4-21.5-3 or judicial review under
 34 IC 4-21.5-5 shall be held in Marion County.

35 Sec. 7. (a) After notice and hearing, the department may order
 36 a creditor or a person acting on behalf of the creditor to cease and
 37 desist from engaging in violations of this article. In any civil court
 38 with jurisdiction:

- 39 (1) a respondent aggrieved by an order of the department
- 40 may obtain judicial review of the order; and
- 41 (2) the department may obtain an order of the court for the
- 42 enforcement of the department's order.

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1 A proceeding for review or enforcement under this subsection shall
 2 be initiated by the filing of a petition in the court. Copies of the
 3 petition shall be served upon all parties of record.

4 (b) Not later than thirty (30) days after service of a petition for
 5 review upon the department under subsection (a), or within such
 6 further time as the court may allow, the department shall transmit
 7 to the court the original or a certified copy of the entire record
 8 upon which the order that is the subject of the review is based,
 9 including any transcript of testimony, which need not be printed.
 10 By stipulation of all parties to the review proceeding, the record
 11 may be shortened. After conducting a hearing on the matter, the
 12 court may:

13 (1) reverse or modify the order if the findings of fact of the
 14 department are clearly erroneous in view of the reliable,
 15 probative, and substantial evidence in the whole record;

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

18 (3) enter an order:

19 (A) enforcing;

20 (B) modifying;

21 (C) enforcing as modified; or

22 (D) setting aside;

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

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

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

31 (1) adducing additional specified and material evidence; and

32 (2) seeking a finding upon such evidence;

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

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

41 (e) A proceeding for review under this section must be
 42 initiated not later than thirty (30) days after a copy of the order of

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1 the department is received. If a proceeding is not initiated within
 2 the time set forth in this subsection, the department may obtain a
 3 decree of a civil court with jurisdiction for enforcement of the
 4 department's order upon a showing that:

- 5 (1) the order was issued in compliance with this section;
- 6 (2) a proceeding for review was not initiated within the thirty
- 7 (30) day period prescribed by this subsection; and
- 8 (3) the respondent is subject to the jurisdiction of the court.

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

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

- 15 (1) the department under section 7(a) of this chapter; or
- 16 (2) a court under sections 9 through 11 of this chapter;

17 the department may accept an assurance in writing that the person
 18 will not engage in the conduct in the future. If a person giving an
 19 assurance of discontinuance fails to comply with the terms of the
 20 assurance, the assurance is evidence that before the assurance was
 21 issued the person engaged in the conduct described in the
 22 assurance.

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

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

- 28 (1) makes a material misrepresentation concerning; or
- 29 (2) conceals material information regarding the terms or
- 30 conditions of;

31 a first lien mortgage transaction.

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

34 (c) The department may bring a civil action to enjoin a
 35 deceptive act performed in connection with a first lien mortgage
 36 transaction.

37 **Sec. 11.** With respect to an action brought under:

- 38 (1) section 9 of this chapter to enjoin violations of this article;
- 39 or
- 40 (2) section 10 of this chapter to enjoin deceptive acts;

41 the department may apply to the court for appropriate temporary
 42 relief against a respondent, pending final determination of the



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1 proceedings. If the court finds after a hearing held upon notice to
 2 the respondent that there is reasonable cause to believe that the
 3 respondent is engaging in or is likely to engage in the conduct
 4 sought to be restrained, the court may grant any temporary relief
 5 or restraining order the court considers appropriate.

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

13 (1) for violations of this article occurring more than two (2)
 14 years before the action is brought; or

15 (2) for making unconscionable agreements or engaging in a
 16 course of fraudulent or unconscionable conduct.

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

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

27 **Sec. 13.** The grant of powers to the department under this
 28 article does not affect remedies available to debtors under this
 29 article or under other principles of law or equity.

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

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

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

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

37 **ARTICLE 2. UNIFORM CONSUMER CREDIT CODE**

38 **Chapter 1. General Provisions**

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

42 **Sec. 0.3. A contract entered into in accordance with IC 24-4.5**



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1 (before its repeal) is considered a contract entered into in
2 accordance with this article.

3 Sec. 0.5. Any document, website, or business communication
4 created in accordance with IC 24-4.5 (before its repeal) is
5 considered a document, website, or business communication
6 created in accordance with this article.

7 Sec.] 1. (a) This article shall be liberally construed and applied
8 to promote the following underlying purposes and policies of this
9 article:

10 (1) To simplify, clarify, and modernize the law governing
11 retail installment sales, consumer credit, small loans, and
12 usury.

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

15 (3) To further consumer understanding of the terms of credit
16 transactions and to foster competition among suppliers of
17 consumer credit so that consumers may obtain credit at
18 reasonable cost.

19 (4) To protect consumer buyers, lessees, and borrowers
20 against unfair practices by some suppliers of consumer
21 credit, having due regard for the interests of legitimate and
22 scrupulous creditors.

23 (5) To permit and encourage the development of fair and
24 economically sound consumer credit practices.

25 (6) To conform the regulation of consumer credit
26 transactions to the policies of the Consumer Credit
27 Protection Act (15 U.S.C. 1601 et seq.) and to applicable state
28 and federal laws, rules, regulations, policies, and guidance.

29 (7) To make uniform the law, including administrative rules,
30 among the various jurisdictions.

31 (b) A reference to a requirement imposed by this article
32 includes reference to a related rule or guidance of the department
33 adopted pursuant to this article.

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

36 (d) This article applies to a transaction if the director
37 determines that the transaction:

38 (1) is in substance a disguised consumer credit transaction;
39 or

40 (2) involves the application of subterfuge for the purpose of
41 avoiding this article.

42 A determination by the director under this subsection must be in

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1 writing and shall be delivered to all parties to the transaction.
2 IC 4-21.5-3 applies to a determination made under this subsection.

3 (e) The authority of this article remains in effect, whether a
4 licensee, an individual, or a person subject to this article acts or
5 claims to act under any licensing or registration law of this state,
6 or claims to act without such authority.

7 (f) A violation of a state or federal law, regulation, or rule
8 applicable to consumer credit transactions is a violation of this
9 article.

10 (g) The department may enforce penalty provisions set forth
11 in 15 U.S.C. 1640 for violations of disclosure requirements
12 applicable to mortgage transactions.

13 Sec. 2. Unless displaced by the particular provisions of this
14 article, the Uniform Commercial Code (IC 26-1) and the
15 principles of law and equity (including the law relative to capacity
16 to contract, principal and agent, estoppel, fraud,
17 misrepresentation, duress, coercion, mistake, bankruptcy, or other
18 validating or invalidating cause) shall supplement the provisions of
19 this article.

20 Sec. 3. This article is a general statute intended to provide
21 unified coverage of its subject matter. Subsequent legislation may
22 not be construed to repeal any part of the article by implication if
23 the construction can reasonably be avoided.

24 Sec. 4. The provisions of this article are severable, so that if:
25 (1) any provisions of this article; or
26 (2) the application of this article to any person or
27 circumstances;

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

31 Sec. 5. (a) The dollar amounts in this article designated as
32 subject to change shall change, as provided in this section,
33 according to the Consumer Price Index for Urban Wage Earners
34 and Clerical Workers: U.S. City Average, All Items, 1957-59 equals
35 100, compiled by Bureau of Labor Statistics, United States
36 Department of Labor, and referred to in this section as the Index.
37 The Index for October 1971, is the Reference Base Index.

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

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

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

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

12 (c) If the Index is revised after December 1967, the percentage
 13 of change shall be calculated on the basis of the revised Index. If
 14 the revision of the Index changes the Reference Base Index, a
 15 revised Reference Base Index shall be determined by multiplying
 16 the Reference Base Index by the ratio of the revised Index to the
 17 current Index, as each was for the first month in which the revised
 18 Index is available. If the Index is superseded, the Index is the one
 19 represented by the Bureau of Labor Statistics as reflecting most
 20 accurately changes in the purchasing power of the dollar for
 21 consumers.

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

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

27 (2) promptly after the changes occur, changes in the Index
 28 required by subsection (c), including, when applicable, the
 29 numerical equivalent of the Reference Base Index under a
 30 revised Reference Base Index and the designation or title of
 31 any index superseding the Index.

32 (e) A person does not violate this article through a transaction
 33 otherwise complying with this article if the person relies on dollar
 34 amounts either determined according to subsection (b) or
 35 appearing in the last rule of the department announcing the then
 36 current dollar amounts.

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

40 (b) A claim by a buyer, lessee, or debtor against a creditor for
 41 an excess charge, other violation of this article, or civil penalty, or
 42 a claim against a buyer, lessee, or debtor for default or breach of



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1 a duty imposed by this article, if disputed in good faith, may be
2 settled by agreement.

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

5 (d) A settlement in which the buyer, lessee, or debtor waives or
6 agrees to forego rights or benefits under this article is invalid if the
7 court as a matter of law finds the settlement to have been
8 unconscionable at the time it was made. The competence of the
9 buyer, lessee, or debtor, any deception or coercion practiced upon
10 the buyer, lessee, or debtor, the nature and extent of the legal
11 advice received by the buyer, lessee, or debtor, and the value of the
12 consideration are relevant to the issue of unconscionability.

13 **Sec. 7. (a) This article prescribes maximum charges for all**
14 **creditors, except lessors and those excluded under section 10 of this**
15 **chapter, extending consumer credit, including consumer credit**
16 **sales, consumer loans, and consumer related sales and loans, and**
17 **displaces existing limitations on the powers of those creditors based**
18 **on maximum charges.**

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

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

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

- 32 (1) limitations on powers of depository institutions with
33 respect to the amount of a loan to a single borrower, the
34 ratio of a loan to the value of collateral, the duration of a
35 loan that is a mortgage transaction, or other similar
36 restrictions designed to protect deposits; or
37 (2) limitations on powers an organization is authorized to
38 exercise under the laws of this state or the United States.

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

- 40 (1) IC 24-5-4 (before its repeal on October 1, 1971);
41 (2) IC 28-7-4 (before its repeal on October 1, 1971);
42 (3) IC 28-7-2 (before its repeal on October 1, 1971); or



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1 **(4) IC 28-5-1-4;**
 2 **are licensed to make supervised loans under this article, subject to**
 3 **the renewal provisions contained in this article. All provisions of**
 4 **this article apply to the persons previously licensed or authorized.**
 5 **The department may deliver evidence of licensing to the persons**
 6 **previously licensed or authorized.**

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

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

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

20 **(3) A loan or modification of a loan agreement is made in this**
 21 **state if a writing signed by the debtor and evidencing the**
 22 **debt is received by the lender or a person acting on behalf of**
 23 **the lender in this state.**

24 **(4) Except as provided in subdivisions (5) and (6), a sale,**
 25 **lease, or loan transaction occurs in Indiana if a consumer**
 26 **who is a resident of Indiana enters into a consumer sale,**
 27 **lease, or loan transaction with a creditor or a person acting**
 28 **on behalf of the creditor in another state and the creditor or**
 29 **the person acting on behalf of the creditor has advertised or**
 30 **solicited sales, leases, or loans in Indiana by any means,**
 31 **including by mail, brochure, telephone, print, radio,**
 32 **television, the Internet, or electronic means.**

33 **(5) A sale, lease, or loan transaction does not occur in**
 34 **Indiana if a consumer who is a resident of Indiana enters**
 35 **into a consumer sale, lease, or loan transaction secured by an**
 36 **interest in land located outside Indiana.**

37 **(6) A sale, lease, or loan transaction does not occur in**
 38 **Indiana if a consumer who is a resident of Indiana enters**
 39 **into a consumer sale, lease, or loan transaction at a creditor's**
 40 **place of business in another state.**

41 **For purposes of subdivisions (1) through (4), an offer is received by**
 42 **a creditor or a person acting on behalf of the creditor in Indiana if**

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1 the offer is physically delivered, or otherwise transmitted or
 2 communicated, to a person who has actual or apparent authority
 3 to act for the creditor or the person acting on behalf of the creditor
 4 in Indiana, regardless of whether approval, acceptance, or
 5 ratification by any other agent or representative of the creditor or
 6 the person acting on behalf of the creditor in another state is
 7 necessary to give legal consequence to the consumer credit
 8 transaction.

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

13 (c) Except as provided in subsection (b), a sale, lease, loan, or
 14 modification thereof, made in another state to a person who was
 15 not a resident of this state when the sale, lease, loan, or
 16 modification was made is valid and enforceable in this state
 17 according to its terms to the extent that it is valid and enforceable
 18 under the laws of the state applicable to the transaction.

19 (d) For the purposes of this article, the residence of a buyer,
 20 lessee, or debtor is the address given by the buyer, lessee, or debtor
 21 as the buyer's, lessee's, or debtor's residence in any writing or
 22 electronic communication made by the buyer, lessee, or debtor in
 23 connection with a credit transaction. Until the buyer, lessee, or
 24 debtor notifies the creditor or the person acting on behalf of the
 25 creditor of a new or different address, the given address is
 26 presumed to be unchanged.

27 (e) Notwithstanding other provisions of this section:

28 (1) except as provided in subsection (b), this article does not
 29 apply if the buyer, lessee, or debtor is not a resident of this
 30 state at the time of a credit transaction and the parties then
 31 agree that the law of the buyer's, lessee's, or debtor's
 32 residence applies; and

33 (2) this article applies if the buyer, lessee, or debtor is a
 34 resident of this state at the time of a credit transaction and
 35 the parties then agree that the law of this state applies.

36 (f) Except as provided in subsection (e), the following
 37 agreements by a buyer, lessee, or debtor are invalid with respect to
 38 consumer credit sales, consumer leases, consumer loans, or
 39 modifications thereof, to which this article applies:

40 (1) An agreement that the law of another state shall apply.

41 (2) An agreement that the buyer, lessee, or debtor consents
 42 to the jurisdiction of another state.



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- 1 **(3) An agreement that fixes venue.**
- 2 **(g) The following provisions of this article specify the**
- 3 **applicable law governing certain cases:**
- 4 **(1) IC 37-2-7-1 (applicability of the provisions on powers and**
- 5 **functions of the department).**
- 6 **(2) IC 37-2-7-24 (applicability of the provisions on**
- 7 **notification and fees).**
- 8 **(h) If a creditor or a person acting on behalf of the creditor has**
- 9 **violated the provisions of this article that apply to the authority to**
- 10 **make consumer loans (IC 37-2-4-23), the loan is void and the**
- 11 **debtor is not obligated to pay either the principal or loan finance**
- 12 **charge, as set forth in IC 37-2-6-9.**

- 13 **Sec. 10. This article does not apply to the following:**
- 14 **(1) Extensions of credit to or by a government or**
- 15 **governmental agencies or instrumentalities.**
- 16 **(2) The sale of insurance by an insurer, except as otherwise**
- 17 **provided in the chapter on insurance (IC 37-2-5).**
- 18 **(3) Transactions under public utility, municipal utility, or**
- 19 **common carrier tariffs if a subdivision or agency of this state**
- 20 **or of the United States regulates the charges for the services**
- 21 **involved, the charges for delayed payment, and any discount**
- 22 **allowed for early payment.**
- 23 **(4) The rates and charges and the disclosure of rates and**
- 24 **charges of a licensed pawnbroker established in accordance**
- 25 **with a statute or ordinance concerning these matters.**
- 26 **(5) A sale of goods, services, or an interest in land in which**
- 27 **the goods, services, or interest in land are purchased**
- 28 **primarily for a purpose other than a personal, family, or**
- 29 **household purpose.**
- 30 **(6) A loan in which the debt is incurred primarily for a**
- 31 **purpose other than a personal, family, or household purpose.**
- 32 **(7) An extension of credit primarily for a business, a**
- 33 **commercial, or an agricultural purpose.**
- 34 **(8) An installment agreement for the purchase of home fuels**
- 35 **in which a finance charge is not imposed.**
- 36 **(9) Loans made, insured, or guaranteed under a program**
- 37 **authorized by Title IV of the Higher Education Act of 1965**
- 38 **(20 U.S.C. 1070 et seq.).**
- 39 **(10) Transactions in securities or commodities accounts in**
- 40 **which credit is extended by a broker-dealer registered with**
- 41 **the Securities and Exchange Commission or the Commodity**
- 42 **Futures Trading Commission.**

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1 (11) Except for IC 37-2-4-24(d), IC 37-2-4-29,
2 IC 37-2-4-33(d), and IC 37-2-4-33(e), a loan made:

3 (A) in compliance with the requirements of; and

4 (B) by a community development corporation (as
5 defined in IC 4-4-28-2) acting as a subrecipient of funds
6 from;

7 the Indiana housing and community development authority
8 established by IC 5-20-1-3.

9 (12) Except for IC 37-2-4-24(d), IC 37-2-4-29,
10 IC 37-2-4-33(d), and IC 37-2-4-33(e), a subordinate lien
11 mortgage transaction made by an entity that exclusively uses
12 funds provided by the United States Department of Housing
13 and Urban Development under Title 1 of the Housing and
14 Community Development Act of 1974, Public Law 93-383, as
15 amended (42 U.S.C. 5301 et seq.).

16 (13) The United States, any state or local government, or any
17 agency or instrumentality of any governmental entity,
18 including United States government sponsored enterprises
19 and state educational institutions (as defined in
20 IC 21-7-13-32). For purposes of this subdivision, an
21 "instrumentality" of a governmental entity includes a
22 foundation, a corporate or nonprofit subsidiary, or an
23 affiliate of the governmental entity.

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

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

30 (i) Zero (0) interest first lien mortgage transactions.

31 (ii) Zero (0) interest subordinate lien mortgage
32 transactions.

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

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

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



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(E) The organization uses only:
(i) unpaid volunteers; or
(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).

(15) 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. 11. In examinations or other regulatory activities conducted by the department and related to licensees under this article, the department may cooperate with the Indiana securities commissioner in the regulation of individuals who, in addition to conducting business regulated under this article, also conduct a loan broker business subject to IC 23-2.5.

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;**

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1 the person subject to this article.

2 **Sec. 2.5. "Amount financed" means the total of the following**
3 **to the extent that payment is deferred:**

4 (1) **The cash price of the goods, services, or interest in land**
5 **less the amount of down payment whether made in cash or**
6 **property.**

7 (2) **The amount actually paid or to be paid by the seller**
8 **pursuant to an agreement with the buyer to discharge a**
9 **security interest or lien on property traded in.**

10 (3) **If not included in the cash price:**

11 (A) **any applicable sales, use, excise or documentary**
12 **fees;**

13 (B) **amounts actually paid or to be paid by the seller for**
14 **registration, certificate of title, or license fees; and**

15 (C) **additional charges permitted by IC 37-2-3-5.**

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

20 **Sec. 4. "Agricultural purpose" means a purpose related to the**
21 **production, harvest, exhibition, marketing, transportation,**
22 **processing, or manufacture of agricultural products by a natural**
23 **person who cultivates, plants, propagates, or nurtures the**
24 **agricultural products. "Agricultural products" includes**
25 **agricultural, horticultural, viticultural, and dairy products,**
26 **livestock, wildlife, poultry, bees, forest products, fish and shellfish,**
27 **and any and all products raised or produced on farms and any**
28 **processed or manufactured products thereof.**

29 **Sec. 5. "Average daily balance" means the sum of each of the**
30 **daily balances in a billing cycle divided by the number of days in**
31 **the billing cycle, and if the billing cycle is a month, the creditor**
32 **may elect to treat the number of days in each billing cycle as thirty**
33 **(30).**

34 **Sec. 6. "Balloon payment", with respect to a mortgage**
35 **transaction, means any payment that:**

36 (1) **the creditor requires the debtor to make at any time**
37 **during the term of the mortgage;**

38 (2) **represents the entire amount of the outstanding balance**
39 **with respect to the mortgage; and**

40 (3) **the entire amount of which is due as of a specified date or**
41 **at the end of a specified period;**

42 **if the aggregate amount of the minimum periodic payments**



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1 required under the mortgage would not fully amortize the
 2 outstanding balance by the specified date or at the end of the
 3 specified period. The term does not include a payment required by
 4 a creditor under a due-on-sale clause (as defined in 12 U.S.C.
 5 1701j-3(a)) or a payment required by a creditor under a provision
 6 in the mortgage that permits the creditor to accelerate the debt
 7 upon the debtor's default or failure to abide by the material terms
 8 of the mortgage.

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

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

14 (2) Promotes affordable housing or provides home ownership
 15 education or similar services.

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

18 (4) Receives funding and revenue and charges fees in a
 19 manner that does not encourage the organization or the
 20 organization's employees to act other than in the best
 21 interests of the organization's clients.

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

25 (6) Provides to, or identifies for, debtors mortgage
 26 transactions with terms that are favorable to the debtor (as
 27 described in IC 37-2-1-10(15)) and comparable to mortgage
 28 transactions and housing assistance provided under
 29 government housing assistance programs.

30 (7) Maintains certification by the United States Department
 31 of Housing and Urban Development or employs counselors
 32 who are certified by the Indiana housing and community
 33 development authority.

34 **Sec. 7.5. "Cash price" means the price at which the goods,**
 35 **services, or interest in land are offered for sale by the seller to cash**
 36 **buyers in the ordinary course of business, and may include:**

37 (1) applicable sales, use, and excise and documentary fees;

38 (2) the cash price of accessories or related services such as
 39 delivery, installation, servicing, repairs, alterations, service
 40 contracts, and improvements; and

41 (3) amounts actually paid or to be paid by the seller for
 42 registration, certificate of title, or license fees.



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1 **Sec. 7.7. "Civil court"** means any court of Indiana having civil
2 jurisdiction.

3 **Sec. 8. "Closing costs"** with respect to a subordinate lien
4 mortgage transaction includes:

- 5 (1) fees or premiums for title examination, title insurance, or
6 similar purposes, including surveys;
7 (2) fees for preparation of a deed, settlement statement, or
8 other documents;
9 (3) escrows for future payments of taxes and insurance;
10 (4) fees for notarizing deeds and other documents;
11 (5) appraisal fees; and
12 (6) fees for credit reports.

13 **Sec. 9. "Conspicuous"** refers to a term or clause when it is so
14 written that a reasonable person against whom it is to operate
15 ought to have noticed it.

16 **Sec. 10. "Consumer credit"** means credit offered or extended
17 to a consumer primarily for a personal, family, or household
18 purpose.

19 **Sec. 10.5. "Consumer credit insurance"** means insurance,
20 other than insurance on property, by which the satisfaction of debt
21 in whole or in part is a benefit provided, but does not include:

- 22 (1) insurance issued as an isolated transaction on the part of
23 the insurer not related to an agreement or plan for insuring
24 debtors of the creditor; or
25 (2) insurance indemnifying the creditor against loss due to
26 the debtor's default.

27 **Sec. 11. "Consumer Credit Protection Act"** refers to the
28 Consumer Credit Protection Act (15 U.S.C. 1601 et seq.), as
29 amended, and includes both the Truth in Lending Simplification
30 and Reform Act amendments (Public Law 96-221, Title VI, 94 Stat.
31 168) and any regulations issued under those laws. However, the
32 department may otherwise define this term by rule issued in
33 accordance with IC 37-2-7-7.

34 **Sec. 12. "Consumer credit sale"** is a sale of goods, services, or
35 an interest in land in which:

- 36 (1) credit is granted by a person who regularly engages as a
37 seller in credit transactions of the same kind;
38 (2) the buyer is a person other than an organization;
39 (3) the goods, services, or interest in land are purchased
40 primarily for a personal, family, or household purpose;
41 (4) either the debt is payable in installments or a credit
42 service charge is made; and



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

2 (A) the amount of credit extended, the written credit
3 limit, or the initial advance does not exceed the exempt
4 threshold amount, as adjusted in accordance with the
5 annual adjustment of the exempt threshold amount,
6 specified in Regulation Z (12 CFR 226.3 or 12 CFR
7 1026.3(b), as applicable); or

8 (B) the debt is secured by personal property used or
9 expected to be used as the principal dwelling of the
10 buyer.

11 Unless the sale is made subject to this article by agreement
12 under IC 37-2-3-29, "consumer credit sale" does not include
13 a sale in which the seller allows the buyer to purchase goods
14 or services pursuant to a lender credit card or similar
15 arrangement or, except as provided with respect to
16 disclosure (IC 37-2-3-13), debtors' remedies (IC 37-2-6-8),
17 providing payoff amounts (IC 37-2-3-11), and powers and
18 functions of the department (IC 37-2-7), a sale of an
19 interest in land which is a first lien mortgage transaction.

20 Sec. 12.5. "Consumer lease" means a lease of goods:

21 (1) which a lessor regularly engaged in the business of leasing
22 makes to a person, other than an organization, who takes
23 under the lease primarily for a personal, family, or
24 household purpose;

25 (2) in which the amount payable under the lease does not
26 exceed the exempt threshold amount, as adjusted in
27 accordance with the annual adjustment of the exempt
28 threshold amount, specified in Regulation Z (12 CFR 226.3
29 or 12 CFR 1026.3(b), as applicable); and

30 (3) which is for a term exceeding four (4) months.

31 The term does not include a lease made pursuant to a lender credit
32 card or similar arrangement.

33 Sec. 13. "Consumer loan" means a loan made by a person
34 regularly engaged in the business of making loans in which:

35 (1) the debtor is a person other than an organization;

36 (2) the debt is primarily for a personal, family, or household
37 purpose;

38 (3) either the debt is payable in installments or a loan finance
39 charge is made; and

40 (4) either:

41 (A) the amount of credit extended, the written credit
42 limit, or the initial advance does not exceed the exempt

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- 1 threshold amount, as adjusted in accordance with the
- 2 annual adjustment of the exempt threshold amount,
- 3 specified in Regulation Z (12 CFR 226.3 or 12 CFR
- 4 1026.3(b), as applicable); or
- 5 (B) the debt is secured by an interest in land or by
- 6 personal property used or expected to be used as the
- 7 principal dwelling of the debtor.

8 Except as described in IC 37-2-4-2, the term does not include a first
 9 lien mortgage transaction.

10 Sec. 13.3. "Consumer related loan" refers to a loan in which
 11 the following apply:

- 12 (1) The loan is made by a person who is not regularly
- 13 engaged as a lender in credit transactions of the same kind.
- 14 (2) The debtor is a person other than an organization.
- 15 (3) The debt is primarily for a personal, family, or household
- 16 purpose.
- 17 (4) Either the debt is payable in installments or a loan
- 18 finance charge is made.
- 19 (5) Either:

- 20 (A) the amount of credit extended, the written credit
- 21 limit, or the initial advance does not exceed the exempt
- 22 threshold amount, as adjusted in accordance with the
- 23 annual adjustment of the exempt threshold amount,
- 24 specified in Regulation Z (12 CFR 226.3 or 12 CFR
- 25 1026.3(b), as applicable); or
- 26 (B) the debt is secured by an interest in land or by
- 27 personal property used or expected to be used as the
- 28 principal dwelling of the debtor.

29 Sec. 13.5. "Consumer related sale" means a sale of goods,
 30 services, or an interest in land in which:

- 31 (1) credit is granted by a person that is not regularly engaged
- 32 as a seller in credit transactions of the same kind;
- 33 (2) the buyer is a person other than an organization;
- 34 (3) the goods, services, or interest in land are purchased
- 35 primarily for a personal, family, or household purpose;
- 36 (4) either the debt is payable in installments or a credit
- 37 service charge is made; and
- 38 (5) with respect to a sale of goods or services:
- 39 (A) either the amount of credit extended, the written
- 40 credit limit, or the initial advance does not exceed the
- 41 exempt threshold amount, as adjusted in accordance
- 42 with the annual adjustment of the exempt threshold

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1 amount, specified in Regulation Z (12 CFR 226.3 or 12
 2 CFR 1026.3(b), as applicable); or
 3 (B) the debt is secured by personal property used or
 4 expected to be used as the principal dwelling of the
 5 buyer.

6 Sec. 14. "Credit" means the right granted by a creditor to a
 7 debtor to defer payment of debt or to incur debt and defer its
 8 payment.

9 Sec. 14.5. "Credit service charge" means the sum of:
 10 (1) all charges payable directly or indirectly by the buyer
 11 and imposed directly or indirectly by the seller as an incident
 12 to the extension of credit, including any of the following types
 13 of charges which are applicable: time price differential,
 14 service, carrying or other charge, however denominated,
 15 premium or other charge for any guarantee or insurance
 16 protecting the seller against the buyer's default or other
 17 credit loss; and
 18 (2) charges incurred for investigating the collateral or
 19 credit-worthiness of the buyer.

20 The term does not include charges as a result of default, additional
 21 charges (IC[]37-2-3-5), delinquency charges (IC[]37-2-3-6), or
 22 deferral charges (IC[]37-2-3-7). The term does not include charges
 23 paid or payable to a third party that are not required by the seller
 24 as a condition or incident to the extension of credit except for
 25 borrower paid mortgage broker fees, including fees paid directly
 26 to the broker or the seller (for delivery to the broker), whether the
 27 fees are paid in cash or financed. However, borrower paid
 28 mortgage broker fees do not include fees paid to a mortgage broker
 29 by a creditor, including yield spread premiums and service release
 30 fees.

31 Sec. 15. "Creditor" means a person:
 32 (1) who regularly engages in the extension of consumer
 33 credit that is subject to a credit service charge or loan
 34 finance charge, as applicable, or is payable by written
 35 agreement in more than four (4) installments (not including
 36 a down payment); and
 37 (2) to whom the obligation is initially payable, either on the
 38 face of the note or contract, or by agreement when there is
 39 not a note or contract.

40 Sec. 15.5. "Debt cancellation agreement" means an agreement
 41 that provides coverage for payment or satisfaction of all or part of
 42 a debt in the event of the loss of life, health, or income. The term

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1 does not include a GAP agreement.

2 Sec. 15.7. "Department" refers to the department of financial
3 institutions.

4 Sec. 16. "Depository institution" has the meaning set forth in
5 the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes
6 any credit union.

7 Sec. 17. "Director" means the director of the department of
8 financial institutions or the director's designee.

9 Sec. 18. "Dwelling" means a residential structure that contains
10 one (1) to four (4) units, regardless of whether the structure is
11 attached to real property. The term includes an individual:

- 12 (1) condominium unit;
- 13 (2) cooperative unit;
- 14 (3) mobile home; or
- 15 (4) trailer;

16 that is used as a residence.

17 Sec. 19. "Earnings" means compensation paid or payable for
18 personal services, whether denominated as wages, salary,
19 commission, bonus, or otherwise, and includes periodic payments
20 under a pension or retirement program.

21 Sec. 20. "Employee" means an individual who is paid wages or
22 other compensation by an employer required under federal income
23 tax law to file Form W-2 on behalf of the individual.

24 Sec. 20.5. "Expedited payment service" means a service
25 offered to a consumer to ensure that a payment made by the
26 consumer with respect to a consumer credit sale or a consumer
27 loan will be reflected as paid and posted on an expedited basis.

28 Sec. 21. "Federal banking agencies" means the Board of
29 Governors of the Federal Reserve System, the Office of the
30 Comptroller of the Currency, the National Credit Union
31 Administration, and the Federal Deposit Insurance Corporation.

32 Sec. 21.5. "First lien mortgage transaction" means:

- 33 (1) a consumer loan; or
- 34 (2) a consumer credit sale;

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

41 Sec. 22. "Guaranteed asset protection agreement",
42 "guaranteed auto protection agreement", or "GAP agreement"

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1 means, with respect to a consumer credit sale or a consumer loan
2 involving a motor vehicle or another titled asset, an agreement in
3 which the seller or lender agrees to cancel or waive all or part of
4 the outstanding debt after all property insurance benefits have
5 been exhausted after the occurrence of a specified event.

6 Sec. 22.5. "Goods" includes goods not in existence at the time
7 the transaction is entered into and merchandise certificates, but
8 excludes money, chattel paper, documents of title, and instruments.

9 Sec. 22.7. "Home solicitation sale" means a consumer credit
10 sale of goods, other than farm equipment, or services in which:

11 (1) the seller or a person acting for the seller engages in a
12 personal solicitation of the sale, including a solicitation over
13 the telephone, at a residence of the buyer and the buyer's
14 agreement or offer to purchase is there given to the seller or
15 a person acting for the seller; or

16 (2) the seller or the seller's agent, solicits a sale in a city or
17 town in which the seller does not have a permanent business
18 establishment, through mailings, advertisements, or
19 telephone calls, which require the buyer to meet the seller or
20 the seller's agent at a place other than the seller's permanent
21 business establishment.

22 The term does not include a sale made pursuant to a preexisting
23 revolving charge account, or a sale made pursuant to prior
24 negotiations between the parties at a business establishment at a
25 fixed location where goods or services are offered or exhibited for
26 sale.

27 Sec. 23. "Immediate family member" means a spouse, child,
28 sibling, parent, grandparent, or grandchild. The term includes
29 stepparents, stepchildren, stepsiblings, and adoptive relationships.

30 Sec. 24. "Individual" means a natural person.

31 Sec. 25. "Land contract" means a contract for the sale of real
32 estate in which the seller of the real estate retains legal title to the
33 real estate until the total contract price is paid by the buyer.

34 Sec. 25.5. Except as otherwise provided, "lender" means a
35 person regularly engaged in making consumer loans. The term
36 includes an assignee of the lender's right to payment but use of the
37 term does not in itself impose on an assignee any obligation of the
38 lender with respect to events occurring before the assignment.

39 Sec. 26. "Lender credit card or similar arrangement" means
40 an arrangement or loan agreement, other than a seller credit card,
41 pursuant to which a lender gives a debtor the privilege of using a
42 credit card, letter of credit, or other credit confirmation or

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1 identification in transactions out of which debt arises:

2 (1) by the lender's honoring a draft or similar order for the
3 payment of money drawn or accepted by the debtor;

4 (2) by the lender's payment or agreement to pay the debtor's
5 obligations; or

6 (3) by the lender's purchase from the obligee of the debtor's
7 obligations.

8 Sec. 27. "Licensee" means a person licensed as a creditor
9 under this article.

10 Sec. 27.5. "Loan" includes:

11 (1) the creation of debt by the lender's payment of or
12 agreement to pay money to the debtor or to a third party for
13 the account of the debtor;

14 (2) the creation of debt by a credit to an account with the
15 lender upon which the debtor is entitled to draw
16 immediately;

17 (3) the creation of debt pursuant to a lender credit card or
18 similar arrangement; and

19 (4) the forbearance of debt arising from a loan.

20 Sec. 28. "Loan brokerage business" means any activity in
21 which a person, in return for any consideration from any source,
22 procures, attempts to procure, or assists in procuring, a mortgage
23 transaction from a third party or any other person, whether or not
24 the person seeking the mortgage transaction actually obtains the
25 mortgage transaction.

26 Sec. 28.5. (a) "Loan finance charge" means the sum of:

27 (1) all charges payable directly or indirectly by the debtor
28 and imposed directly or indirectly by the lender as an
29 incident to the extension of credit, including any of the
30 following types of charges which are applicable: interest or
31 any amount payable under a point, discount, or other system
32 of charges, however denominated, premium or other charge
33 for any guarantee or insurance protecting the lender against
34 the debtor's default or other credit loss; and

35 (2) charges incurred for investigating the collateral or
36 credit-worthiness of the debtor.

37 The term does not include charges as a result of default, additional
38 charges (IC[]37-2-4-5), delinquency charges (IC[]37-2-4-6), or
39 deferral charges (IC[]37-3-4-7). The term does not include charges
40 paid or payable to a third party that are not required by the lender
41 as a condition or incident to the extension of credit except for
42 borrower paid mortgage broker fees, including fees paid directly



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1 to the broker or the lender (for delivery to the broker), whether the
2 fees are paid in cash or financed. However, borrower paid
3 mortgage broker fees do not include fees paid to a mortgage broker
4 by a creditor, including yield spread premiums and service release
5 fees.

6 (b) If a lender makes a loan to a debtor by purchasing or
7 satisfying obligations of the debtor pursuant to a lender credit card
8 or similar arrangement, and the purchase or satisfaction is made
9 at less than the face amount of the obligation, the discount is not
10 part of the loan finance charge.

11 Sec. 29. "Loan processor or underwriter" means an individual
12 who performs clerical or support duties as an employee at the
13 direction of, and subject to the supervision and instruction of, a
14 person licensed to engage in mortgage transactions or a person
15 exempt from licensing. For purposes of this subdivision, the term
16 "clerical or support duties" may include, after the receipt of an
17 application, the following:

18 (1) The receipt, collection, distribution, and analysis of
19 information common for the processing or underwriting of
20 a mortgage transaction.

21 (2) The communication with a consumer to obtain the
22 information necessary for the processing or underwriting of
23 a loan, to the extent that the communication does not
24 include:

- 25 (A) offering or negotiating loan rates or terms; or
- 26 (B) counseling consumers about mortgage transaction
27 rates or terms.

28 The term "loan processor or underwriter" does not include an
29 individual who is an employee of a person that is not engaged in
30 mortgage transactions as a creditor if that person is permitted to
31 voluntarily register with the department to sponsor the individual
32 under IC 37-1-1-6(8) to engage solely in the activities described in
33 this subdivision. An individual engaging solely in loan processor or
34 underwriter activities shall not represent to the public through
35 advertising or other means of communicating or providing
36 information, including the use of business cards, stationery,
37 brochures, signs, rate lists, or other promotional items, that the
38 individual can or will perform any of the activities of a mortgage
39 loan originator. However, an individual who is licensed as a
40 mortgage loan originator under IC 37-1 and 750 IAC 9-3, and who
41 is sponsored by a person, as permitted by IC 37-1-1-6(8), to engage
42 solely as a third party loan processor or underwriter, is subject to

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1 the prohibition set forth in this subdivision with respect to the
2 individual's engagement under the sponsorship.

3 **Sec. 29.5. "Merchandise certificate"** means a writing issued by
4 a seller not redeemable in cash and usable in its face amount in lieu
5 of cash in exchange for goods or services.

6 **Sec. 30. "Mortgage loan originator"** means an individual who,
7 for compensation or gain, or in the expectation of compensation or
8 gain, regularly engages in taking a mortgage transaction
9 application or in offering or negotiating the terms of a mortgage
10 transaction that either is made under this article or under IC 37-1
11 or is made by an employee of a person licensed to engage in
12 mortgage transactions or by an employee of a person that is
13 exempt from licensing, while the employee is engaging in the loan
14 brokerage business. The term does not include the following:

15 (1) An individual engaged solely as a loan processor or
16 underwriter as long as the individual works exclusively as an
17 employee of a person licensed to engage in mortgage
18 transactions or as an employee of a person exempt from
19 licensing. However, the term includes an individual who is
20 licensed as a mortgage loan originator under IC 37-1-1 and
21 750 IAC 9-3 and who is an employee of a person that is not
22 engaged in mortgage transactions as a creditor if that person
23 voluntarily registers with the department to sponsor the
24 individual under IC 37-1-1-6(8), to engage solely as a third
25 party processor or underwriter.

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

27 (A) a creditor;

28 (B) a loan broker;

29 (C) another mortgage loan originator; or

30 (D) any agent of the creditor, loan broker, or other
31 mortgage loan originator described in clauses (A)
32 through (C);

33 a person or entity that only performs real estate brokerage
34 activities and is licensed or registered in accordance with
35 applicable state law.

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

38 **Sec. 31. "Mortgage servicer"** means the last person to whom
39 a mortgagor or the mortgagor's successor in interest has been
40 instructed by a mortgagee to send payments on a loan secured by
41 a mortgage.

42 **Sec. 32. "Mortgage transaction"** means:

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1 (1) a consumer loan; or
 2 (2) a consumer credit sale;
 3 that is or will be used by the debtor primarily for personal, family,
 4 or household purposes and that is secured by a mortgage or a land
 5 contract (or another consensual security interest equivalent to a
 6 mortgage or a land contract) on a dwelling or on residential real
 7 estate upon which a dwelling is constructed or intended to be
 8 constructed.

9 Sec. 33. "Nationwide Multistate Licensing System and
 10 Registry" (or "Nationwide Mortgage Licensing System and
 11 Registry" or "NMLSR") means a multistate licensing system
 12 owned and operated by the State Regulatory Registry, LLC, or by
 13 any successor or affiliated entity, for the licensing and registration
 14 of creditors, mortgage loan originators, and other persons in the
 15 mortgage or financial services industries. The term includes any
 16 other name or acronym that may be assigned to the system by the
 17 State Regulatory Registry, LLC, or by any successor or affiliated
 18 entity.

19 Sec. 34. "Nontraditional mortgage product" means any
 20 mortgage product other than a thirty (30) year fixed rate
 21 mortgage.

22 Sec. 35. "Official fees" means:

23 (1) fees and charges prescribed by law which actually are or
 24 will be paid to public officials for determining the existence
 25 of or for perfecting, releasing, or satisfying a security
 26 interest related to a consumer credit sale, consumer lease, or
 27 consumer loan; or

28 (2) premiums payable for insurance in lieu of perfecting a
 29 security interest otherwise required by the creditor in
 30 connection with the sale, lease, or loan, if the premium does
 31 not exceed the fees and charges described in subdivision (1)
 32 that would otherwise be payable.

33 Sec. 36. "Organization" means a corporation, a government
 34 or governmental subdivision, an agency, a trust, an estate, a
 35 partnership, a limited liability company, a cooperative, an
 36 association, a joint venture, an unincorporated organization, or
 37 any other entity, however organized.

38 Sec. 37. "Payable in installments" means that payment is
 39 required or permitted by written agreement to be made in more
 40 than four (4) installments not including a down payment.

41 Sec. 38. "Person" includes an individual or an organization.

42 Sec. 39. "Person related to" with respect to an individual



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- 1 means:
- 2 (1) the spouse of the individual;
- 3 (2) a brother, brother-in-law, sister, or sister-in-law of the
- 4 individual;
- 5 (3) an ancestor or lineal descendants of the individual or the
- 6 individual's spouse; and
- 7 (4) any other relative, by blood or marriage, of the individual
- 8 or the individual's spouse who shares the same home with the
- 9 individual.

10 **Sec. 40. "Person related to" with respect to an organization**
 11 means:

- 12 (1) a person directly or indirectly controlling, controlled by,
- 13 or under common control with the organization;
- 14 (2) a director, an executive officer, or a manager of the
- 15 organization or a person performing similar functions with
- 16 respect to the organization or to a person related to the
- 17 organization;
- 18 (3) the spouse of a person related to the organization; and
- 19 (4) a relative by blood or marriage of a person related to the
- 20 organization who shares the same home with the person.

21 **Sec. 40.5. "Principal" of a loan means the total of:**

- 22 (1) the net amount paid to, receivable by, or paid or payable
- 23 for the account of the debtor;
- 24 (2) the amount of any discount excluded from the loan
- 25 finance charge (section 28.5(b) of this chapter); and
- 26 (3) to the extent that payment is deferred:
- 27 (A) amounts actually paid or to be paid by the lender for
- 28 registration, certificate of title, or license fees if not
- 29 included in subdivision (1); and
- 30 (B) additional charges permitted by IC 37-2-4-5.

31 The term does not include any loan proceeds held as security for
 32 the loan.

33 **Sec. 41. "Presumed" or "presumption" means that the trier of**
 34 **fact must find the existence of the fact presumed, unless and until**
 35 **evidence is introduced that would support a finding of its**
 36 **nonexistence.**

37 **Sec. 42. "Real estate brokerage activity" means any activity**
 38 **that involves offering or providing real estate brokerage services**
 39 **to the public, including the following:**

- 40 (1) Acting as a real estate agent or real estate broker for a
- 41 buyer, seller, lessor, or lessee of real property.
- 42 (2) Bringing together parties interested in the sale, purchase,

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- 1 lease, rental, or exchange of real property.
- 2 (3) Negotiating, on behalf of any party, any part of a contract
- 3 relating to the sale, purchase, lease, rental, or exchange of
- 4 real property (other than in connection with providing
- 5 financing with respect to the sale, purchase, lease, rental, or
- 6 exchange of real property).
- 7 (4) Engaging in any activity for which a person is required to
- 8 be registered or licensed as a real estate agent or real estate
- 9 broker under any applicable law.
- 10 (5) Offering to engage in any activity, or act in any capacity,
- 11 described in this subsection.

12 **Sec. 43. "Registered mortgage loan originator" means any**
 13 **individual who:**

- 14 (1) meets the definition of mortgage loan originator and is an
- 15 employee of:
 - 16 (A) a depository institution;
 - 17 (B) a subsidiary that is owned and controlled by a
 - 18 depository institution and regulated by a federal
 - 19 banking agency; or
 - 20 (C) an institution regulated by the Farm Credit
 - 21 Administration; and
- 22 (2) is registered with, and maintains a unique identifier
- 23 through, the NMLSR.

24 **Sec. 44. "Regularly engaged", with respect to a person who**
 25 **extends consumer credit, refers to a person who:**

- 26 (1) extended consumer credit:
 - 27 (A) more than twenty-five (25) times; or
 - 28 (B) more than five (5) times for a mortgage transaction
 - 29 secured by a dwelling;
 - 30 in the preceding calendar year; or
- 31 (2) extends or will extend consumer credit:
 - 32 (A) more than twenty-five (25) times; or
 - 33 (B) more than five (5) times for a mortgage transaction
 - 34 secured by a dwelling;
 - 35 in the current calendar year, if the person did not meet the
 - 36 numerical standards described in subdivision (1) in the
 - 37 preceding calendar year.

38 **Sec. 44.5. "Residential real estate" means any real property**
 39 **that is located in Indiana and on which there is located or intended**
 40 **to be constructed a dwelling.**

41 **Sec. 44.7. "Revolving charge account" means an arrangement**
 42 **between a seller and a buyer pursuant to which:**

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- 1 (1) the seller may permit the buyer to purchase goods or
- 2 services on credit either from the seller or pursuant to a
- 3 seller credit card;
- 4 (2) the unpaid balances of amounts financed arising from
- 5 purchases and the credit service and other appropriate
- 6 charges are debited to an account;
- 7 (3) a credit service charge if made is not precomputed but is
- 8 computed on the outstanding unpaid balances of the buyer's
- 9 account from time to time; and
- 10 (4) the buyer has the privilege of paying the balances in
- 11 installments.

12 Sec. 45. "Revolving loan account" means an arrangement
 13 between a lender and a debtor pursuant to which:

- 14 (1) the lender may permit the debtor to obtain loans from
- 15 time to time;
- 16 (2) the unpaid balances of principal and the loan finance and
- 17 other appropriate charges are debited to an account;
- 18 (3) a loan finance charge if made is not precomputed but is
- 19 computed on the outstanding unpaid balances of the debtor's
- 20 account from time to time; and
- 21 (4) the debtor has the privilege of paying the balances in
- 22 installments.

23 Sec. 45.1. "Sale of an interest in land" includes a lease in which
 24 the lessee has an option to purchase the interest and all or a
 25 substantial part of the rental or other payments previously made
 26 by the lessee are applied to the purchase price.

27 Sec. 45.3. "Sale of goods" includes any agreement in the form
 28 of a bailment or lease of goods if the bailee or lessee agrees to pay
 29 as compensation for use a sum substantially equivalent to or in
 30 excess of the aggregate value of the goods involved and it is agreed
 31 that the bailee or lessee will become, or for no other or a nominal
 32 consideration has the option to become, the owner of the goods
 33 upon full compliance with the bailee's or the lessee's obligations
 34 under the agreement.

35 Sec. 45.5. "Sale of services" means furnishing or agreeing to
 36 furnish services and includes making arrangements to have
 37 services furnished by another.

38 Sec. 45.7. Except as otherwise provided,"seller" means a
 39 person regularly engaged as a creditor in making consumer credit
 40 sales. The term includes an assignee of the seller's right to payment
 41 but use of the term does not in itself impose on an assignee any
 42 obligation of the seller with respect to events occurring before the

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assignment.

Sec. 46. "Seller credit card" means an arrangement that gives to a buyer or lessee the privilege of using a credit card, letter of credit, or other credit confirmation or identification for the purpose of purchasing or leasing goods or services from that person, a person related to that person, or from that person and any other person. The term includes a card that is issued by a person that is in the name of the seller, and that can be used by the buyer or lessee only for purchases or leases at locations of the named seller.

Sec. 46.5. "Services" includes:

- (1) work, labor, and other personal services;**
- (2) privileges with respect to transportation, hotel and restaurant accommodations, education, entertainment, recreation, physical culture, hospital accommodations, funerals, cemetery accommodations, and the like; and**
- (3) insurance provided by a person other than the insurer.**

Sec. 46.7. "Skip-a-payment service" means a service that:

- (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.

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1 **Sec. 48. "Unique identifier" means a number or other**
2 **identifier assigned by protocols established by the NMLSR.**

3 **Chapter 3. Credit Sales**

4 **Sec. 1. (a) This chapter applies to consumer credit sales,**
5 **including home solicitation sales, and consumer leases.**

6 **(b) Sections 14 through 27 of this chapter apply to consumer**
7 **credit sales and consumer leases.**

8 **(c) Sections 29 through 33 of this chapter apply to consumer**
9 **related sales.**

10 **(d) Licensing under IC 37-2-4-24 applies to consumer credit**
11 **sales that are subordinate lien mortgage transactions.**

12 **Sec. 2. A sale, refinancing, or consolidation is considered**
13 **precomputed if the debt is expressed as a sum comprising the**
14 **amount financed and the amount of the credit service charge**
15 **computed in advance.**

16 **Sec. 3. The cash price stated by the seller to the buyer**
17 **pursuant to section 13 of this chapter is presumed to be the cash**
18 **price.**

19 **Sec. 4. (a) Except as provided in subsections (h) and (k), with**
20 **respect to a consumer credit sale, a seller may contract for and**
21 **receive a credit service charge not exceeding that permitted by this**
22 **section.**

23 **(b) The credit service charge, calculated according to the**
24 **actuarial method, may not exceed the equivalent of the greater of:**

25 **(1) the total of:**

26 **(A) thirty-six percent (36%) per year on that part of the**
27 **unpaid balances of the amount financed which is two**
28 **thousand dollars (\$2,000) or less;**

29 **(B) twenty-one percent (21%) per year on that part of**
30 **the unpaid balances of the amount financed which is**
31 **more than two thousand dollars (\$2,000) but does not**
32 **exceed four thousand dollars (\$4,000); and**

33 **(C) fifteen percent (15%) per year on that part of the**
34 **unpaid balances of the amount financed which is more**
35 **than four thousand dollars (\$4,000); or**

36 **(2) twenty-five percent (25%) per year on the unpaid**
37 **balances of the amount financed.**

38 **(c) In the case of a sale agreement entered into before July 1,**
39 **2020, this section does not limit or restrict the manner of**
40 **contracting for the credit service charge, whether by way of**
41 **add-on, discount, or otherwise, so long as the rate of the credit**
42 **service charge does not exceed that permitted by this section. If the**

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- 1 sale is precomputed:
- 2 (1) the credit service charge may be calculated on the
- 3 assumption that all scheduled payments will be made when
- 4 due; and
- 5 (2) the effect of prepayment is governed by the provisions on
- 6 rebate upon prepayment in section 12 of this chapter.
- 7 (d) The following apply to a sale agreement for a consumer
- 8 credit sale (or for the refinancing or consolidation of a consumer
- 9 credit sale) that is entered into after June 30, 2020:
- 10 (1) The credit service charge authorized by this section must
- 11 be:
- 12 (A) contracted for between the seller and the debtor;
- 13 and
- 14 (B) calculated by applying a rate not exceeding the rate
- 15 set forth in subsection (b) to unpaid balances of the
- 16 amount financed.
- 17 (2) A sale agreement for a precomputed consumer credit sale
- 18 is prohibited.
- 19 (3) Subject to subsection (m), in addition to the credit service
- 20 charge authorized by subsection (b) and to any other fees
- 21 permitted by this chapter, and not subject to the rate set
- 22 forth in subsection (b), the seller may contract for and
- 23 receive as a condition for, or an incident to, the extension of
- 24 credit a nonrefundable prepaid finance charge under
- 25 subsection (k), whether the charge is:
- 26 (A) paid separately in cash or by check before or at
- 27 consummation; or
- 28 (B) withheld from the proceeds of the consumer credit
- 29 sale.
- 30 (e) For the purposes of this section, the term of a sale
- 31 agreement commences with the date the credit is granted or, if
- 32 goods are delivered or services performed more than thirty (30)
- 33 days after that date, with the date of commencement of delivery or
- 34 performance except as follows:
- 35 (1) This subdivision applies to a delay attributable to the
- 36 customer. Where the customer requests delivery after the
- 37 thirty (30) day period or where delivery occurs after the
- 38 thirty (30) day period for a reason attributable to the
- 39 customer (including but not limited to failure to close on a
- 40 residence or failure to obtain lease approval), the term of the
- 41 sale agreement shall commence with the date credit is
- 42 granted.

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1 **(2) This subdivision applies to a partial delivery. Where any**
 2 **portion of the order has been delivered within the thirty (30)**
 3 **day period, the term of the sale agreement shall commence**
 4 **with the date credit is granted.**

5 **Differences in the lengths of months are disregarded and a day**
 6 **may be counted as one-thirtieth (1/30) of a month. Subject to**
 7 **classifications and differentiations the seller may reasonably**
 8 **establish, a part of a month in excess of fifteen (15) days may be**
 9 **treated as a full month if periods of fifteen (15) days or less are**
 10 **disregarded and that procedure is not consistently used to obtain**
 11 **a greater yield than would otherwise be permitted.**

12 **(f) With respect to a consumer credit sale made pursuant to a**
 13 **revolving charge account, the parties to the sale may contract for**
 14 **the payment by the buyer of a credit service charge not exceeding**
 15 **that permitted in this section, subject to the following:**

16 **(1) The credit service charge contracted for and received**
 17 **may not exceed a charge in each monthly billing cycle which**
 18 **is two and eighty-three thousandths percent (2.083%) of an**
 19 **amount not greater than:**

20 **(A) the average daily balance of the account;**

21 **(B) the unpaid balance of the account on the same day of**
 22 **the billing cycle; or**

23 **(C) subject to subsection (g), the median amount within**
 24 **a specified range within which the average daily balance**
 25 **of the account or the unpaid balance of the account, on**
 26 **the same day of the billing cycle, is included.**

27 **For purposes of clauses (B) and (C), a variation of not more**
 28 **than four (4) days from month to month is "the same day of**
 29 **the billing cycle".**

30 **(2) If the billing cycle is not monthly, the maximum charge**
 31 **is that percentage which bears the same relation to the**
 32 **applicable monthly maximum percentage as the number of**
 33 **days in the billing cycle bears to thirty (30).**

34 **(3) Notwithstanding subdivision (1), if there is an unpaid**
 35 **balance on the date as of which the credit service charge is**
 36 **applied, the seller may contract for and receive a charge not**
 37 **exceeding fifty cents (\$0.50) if the billing cycle is monthly or**
 38 **longer, or the pro rata part of fifty cents (\$0.50) which bears**
 39 **the same relation to fifty cents (\$0.50) as the number of days**
 40 **in the billing cycle bears to thirty (30) if the billing cycle is**
 41 **shorter than monthly. However, a seller may not contract for**
 42 **or receive a charge under this subdivision if the seller has**



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1 made an annual charge for the same period as permitted by
2 the provisions on additional charges in section 5(a)(5) of this
3 chapter.

4 (g) Subject to classifications and differentiations the seller may
5 reasonably establish, the seller may make the same credit service
6 charge on all amounts financed within a specified range. A credit
7 service charge so made 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 by subsection (b);
10 and

11 (2) when applied to the lowest amount within each range, it
12 does not produce a rate of credit service charge exceeding
13 the rate calculated according to subdivision (1) by more than
14 eight percent (8%) of the rate calculated according to
15 subdivision (1).

16 (h) Notwithstanding subsection (b), with respect to a consumer
17 sale other than a sale under a revolving charge account, the seller
18 may contract for and receive a minimum credit service charge of
19 not more than thirty dollars (\$30). The minimum credit service
20 charge allowed under this subsection may be imposed only if the
21 seller does not contract for or receive a nonrefundable prepaid
22 finance charge under subsection (k) and:

23 (1) the debtor prepays in full a consumer credit sale,
24 refinancing, or consolidation, regardless of whether the sale,
25 refinancing, or consolidation is precomputed;

26 (2) the sale, refinancing, or consolidation prepaid by the
27 debtor is subject to a credit service charge that:

28 (A) is contracted for by the parties; and

29 (B) does not exceed the rate prescribed in subsection (b);
30 and

31 (3) the credit service charge earned at the time of
32 prepayment is less than the minimum credit service charge
33 contracted for under this subsection.

34 (i) The amounts of two thousand dollars (\$2,000) and four
35 thousand dollars (\$4,000) in subsection (b) are subject to change
36 pursuant to the provisions on adjustment of dollar amounts
37 (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a), the
38 Reference Base Index to be used under this subsection is the Index
39 for October 2012.

40 (j) The amount of thirty dollars (\$30) in subsection (h) is
41 subject to change under the provisions on adjustment of dollar
42 amounts (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a),



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1 the Reference Base Index to be used under this subsection is the
2 Index for October 1992.

3 (k) This subsection applies to a sale agreement entered into
4 after June 30, 2020. Except as provided in subsection (h), and
5 subject to subsection (m), in addition to the credit service charge
6 authorized by subsection (b), and to any other fees permitted by
7 this chapter, a seller may contract for and receive a nonrefundable
8 prepaid finance charge in an amount which is not more than:

9 (1) seventy-five dollars (\$75) for an amount financed which
10 is two thousand dollars (\$2,000) or less;

11 (2) one hundred fifty dollars (\$150) for an amount financed
12 which is more than two thousand dollars (\$2,000) but does
13 not exceed four thousand dollars (\$4,000); and

14 (3) two hundred dollars (\$200) for an amount financed which
15 is more than four thousand dollars (\$4,000).

16 The nonrefundable prepaid finance charge is not subject to refund
17 or rebate. However, any amount charged by the seller, other than
18 by a seller that is a depository institution, under this subsection
19 that exceeds the applicable amount permitted by this subsection
20 constitutes a violation of this article under IC 37-2-7-8(12) and is
21 subject to refund. Any amount charged by a depository institution
22 under this subsection that exceeds the applicable amount set forth
23 in this subsection is subject to refund. The amounts in this
24 subsection are not subject to change under IC 37-2-1-5.

25 (l) If the director determines that a seller's accrual method of
26 accounting as applied to a consumer credit sale under this section
27 involves the application of subterfuge for the purpose of
28 circumventing this chapter, the director may conform the credit
29 service charge and fees for the transaction to the limitations set
30 forth in this section and may require a refund of overcharges
31 under IC 37-2-7-5(b)(1). A determination by the director under this
32 subsection:

33 (1) must be in writing;

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

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

36 (m) At the time of consummation of a consumer credit sale:

37 (1) the credit service charge authorized by subsection (b);
38 and

39 (2) the nonrefundable prepaid finance charge authorized by
40 subsection (k) (including any amount charged by a
41 depository institution that exceeds the applicable amount set
42 forth in subsection (k)) in the case of a sale agreement



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1 entered into after June 30, 2020;
2 are subject to IC 35-45-7 and, when combined, may not exceed the
3 rate set forth in IC 35-45-7-2.

4 **Sec. 5. (a) In addition to the credit service charge permitted by**
5 **this chapter, a seller may contract for and receive any of the**
6 **following additional charges in connection with a consumer credit**
7 **sale:**

- 8 (1) Official fees and taxes.
- 9 (2) Charges for insurance as described in subsection (b).
- 10 (3) Notwithstanding provisions of the Consumer Credit
11 Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure,
12 charges for other benefits, including insurance, conferred on
13 the consumer, if the benefits are of value to the consumer
14 and if the charges are reasonable in relation to the benefits,
15 and are excluded as permissible additional charges from the
16 credit service charge. With respect to any additional charge
17 not specifically provided for in this section, to be a permitted
18 charge under this subsection the seller must submit a written
19 explanation of the charge to the department indicating how
20 the charge would be assessed and the value or benefit to the
21 consumer. Supporting documents may be required by the
22 department. The department shall determine whether the
23 charge would be of benefit to the consumer and is reasonable
24 in relation to the benefits.
- 25 (4) A charge not to exceed twenty-five dollars (\$25) for each
26 returned payment by a bank or other depository institution
27 of a dishonored check, electronic funds transfer, negotiable
28 order of withdrawal, or share draft issued by the consumer.
- 29 (5) Annual participation fees assessed in connection with a
30 revolving charge account. Annual participation fees must:
 - 31 (A) be reasonable in amount;
 - 32 (B) bear a reasonable relationship to the seller's costs to
33 maintain and monitor the charge account; and
 - 34 (C) not be assessed for the purpose of circumvention or
35 evasion of this article, as determined by the department.
- 36 (6) A charge not to exceed twenty-five dollars (\$25) for a
37 skip-a-payment service, subject to the following:
 - 38 (A) At the time of use of the service, the consumer must
39 be given written notice of the amount of the charge and
40 must acknowledge the amount in writing, including by
41 electronic signature.
 - 42 (B) A charge for a skip-a-payment service may not be

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1 assessed with respect to a consumer credit sale subject
2 to the provisions on rebate upon prepayment that are set
3 forth in section 12 of this chapter.

4 (C) A charge for a skip-a-payment service may not be
5 assessed with respect to any payment for which a
6 delinquency charge has been assessed under section 6 of
7 this chapter.

8 (7) A charge not to exceed ten dollars (\$10) for an optional
9 expedited payment service, subject to the following:

10 (A) The charge may be assessed only upon request by
11 the consumer to use the expedited payment service.

12 (B) The amount of the charge must be disclosed to the
13 consumer at the time of the consumer's request to use
14 the expedited payment service.

15 (C) The consumer must be informed that the consumer
16 retains the option to make a payment by traditional
17 means.

18 (D) The charge may not be established in advance,
19 through any agreement with the consumer, as the
20 expected method of payment.

21 (E) The charge may not be assessed with respect to any
22 payment for which a delinquency charge has been
23 assessed under section 6 of this chapter.

24 (8) A charge for a GAP agreement, subject to subsection (d).

25 (b) An additional charge may be made for insurance written
26 in connection with the sale, other than insurance protecting the
27 seller against the consumer's default or other credit loss:

28 (1) with respect to insurance against loss of or damage to
29 property, or against liability, if the seller furnishes a clear
30 and specific statement in writing to the consumer, setting
31 forth the cost of the insurance if obtained from or through
32 the seller and stating that the consumer may choose the
33 person, subject to the seller's reasonable approval, through
34 whom the insurance is to be obtained; and

35 (2) with respect to consumer credit insurance providing life,
36 accident, unemployment or other loss of income, or health
37 coverage, if the insurance coverage is not a factor in the
38 approval by the seller of the extension of credit and is clearly
39 disclosed in writing to the consumer, and if, in order to
40 obtain the insurance in connection with the extension of
41 credit, the consumer gives specific, affirmative, written
42 indication of the desire to do so after written disclosure of



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the cost.
(c) With respect to a subordinate lien mortgage transaction, the following closing costs, if the costs are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this article:

- (1) fees for title examination, abstract of title, title insurance, property surveys, or similar purposes;
- (2) fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents;
- (3) notary and credit report fees;
- (4) amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the credit service charge; and
- (5) appraisal fees.

(d) An additional charge may be made for a GAP agreement, subject to the following:

- (1) A GAP agreement or GAP coverage may not be required by the seller, and that fact must be disclosed in writing to the consumer.
- (2) The charge for the initial term of coverage under the GAP agreement must be disclosed in writing to the consumer. The charge may be disclosed on a unit-cost basis only in the case of the following transactions:
 - (A) Revolving charge accounts.
 - (B) Closed-end credit transactions, if the request for coverage is made by mail or telephone.
 - (C) Closed-end credit transactions, if the GAP agreement limits the total amount of indebtedness eligible for coverage.
- (3) If the term of coverage under the GAP agreement is less than the term of the consumer credit sale, the term of coverage under the GAP agreement must be disclosed in writing to the consumer.
- (4) The consumer must sign or initial an affirmative written request for coverage after receiving all required disclosures.
- (5) The GAP agreement must include the following:
 - (A) In the case of GAP coverage for a new motor vehicle, the manufacturer's suggested retail price (MSRP) for the motor vehicle.
 - (B) In the case of GAP coverage for a used motor vehicle, the average retail value for the motor vehicle, as determined by use of a third party valuation service

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provider that is customarily relied upon in the used motor vehicle commercial marketplace.

(C) The name of the financing entity taking assignment of the agreement.

(D) The name and address of the consumer.

(E) The name of the creditor selling the agreement.

(F) Information advising the consumer that the consumer may be able to obtain similar coverage from the consumer's primary insurance carrier.

(G) A coverage provision that includes a minimum deductible of five hundred dollars (\$500).

(H) A provision providing for a minimum thirty (30) day free-look period.

(I) In the case of a consumer credit sale involving a motor vehicle, a provision excluding the sale of GAP coverage if the amount financed under the consumer credit sale (not including the cost of the GAP agreement, the cost of any credit insurance, and the cost of any warranties or service agreements) is less than eighty percent (80%) of the manufacturer's suggested retail price (MSRP), in the case of a new motor vehicle, or the average retail value (as determined by use of a third party valuation service provider that is customarily relied upon in the used motor vehicle commercial marketplace), in the case of a used motor vehicle.

(J) In the case of a GAP agreement in which the charge for the agreement exceeds four hundred dollars (\$400), specific instructions that may be used by the consumer to cancel the agreement and obtain a refund of the unearned GAP charge before prepayment in full, in accordance with the procedures, and subject to the conditions, set forth in subdivision (6).

(6) If the charge for the GAP agreement exceeds four hundred dollars (\$400), the consumer is entitled to cancel the 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

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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.

Sec. 6. (a) With respect to a consumer credit sale, refinancing, or consolidation, the parties may contract for a delinquency charge of not more than the following:

(1) Five dollars (\$5) on any installment or minimum payment due that is not paid in full not later than ten (10) days after its scheduled due date, in the case of a consumer credit sale, refinancing, or consolidation that is made before July 1, 2019. The amount of five dollars (\$5) in this subdivision is subject to change under IC 37-2-1-5. In addition, the parties may provide by contract for a delinquency charge that is subject to change. If the parties provide by contract for a delinquency charge that is subject to change, the seller shall disclose in the contract that the amount of the delinquency charge is subject to change under IC 37-2-1-5 or this section.

(2) In the case of a consumer credit sale, refinancing, or consolidation that is made after June 30, 2019, the following:

(A) Five dollars (\$5) on any installment or minimum payment due that is not paid in full not later than ten (10) days after its scheduled due date, if installments under the consumer credit sale, refinancing, or consolidation are due every fourteen (14) days or less. The amount of five dollars (\$5) in this clause is not subject to change under IC 37-2-1-5.

(B) Twenty-five dollars (\$25) on any installment or

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1 **minimum payment due that is not paid in full not later**
 2 **than ten (10) days after its scheduled due date, if**
 3 **installments under the consumer credit sale,**
 4 **refinancing, or consolidation are due every fifteen (15)**
 5 **days or more. The amount of twenty-five dollars (\$25)**
 6 **in this clause is not subject to change under IC 37-2-1-5.**
 7 **(C) Twenty-five dollars (\$25) on any installment or**
 8 **minimum payment due that is not paid in full not later**
 9 **than ten (10) days after its scheduled due date, in the**
 10 **case of a consumer credit sale, refinancing, or**
 11 **consolidation that is payable in a single installment that**
 12 **is due at least thirty (30) days after the consumer credit**
 13 **sale, refinancing, or consolidation is made. The amount**
 14 **of twenty-five dollars (\$25) in this clause is not subject**
 15 **to change under IC 37-2-1-5.**

16 **(b) A delinquency charge under this section may be collected**
 17 **only once on an installment however long it remains in default. A**
 18 **delinquency charge on consumer credit sales made under a**
 19 **revolving charge account may be applied each month that the**
 20 **payment is less than the minimum required payment. A**
 21 **delinquency charge may be collected any time after it accrues. No**
 22 **delinquency charge may be collected if:**

- 23 **(1) the installment has been deferred and a deferral charge**
 24 **under section 7 of this chapter has been paid or incurred;**
 25 **(2) a charge for a skip-a-payment service has been paid or**
 26 **incurred, as provided in section 5 of this chapter; or**
 27 **(3) a charge for an optional expedited payment service has**
 28 **been paid or incurred, as provided in section 5 of this**
 29 **chapter.**

30 **(c) A creditor may not, directly or indirectly, charge or collect**
 31 **a delinquency charge on a payment that:**

- 32 **(1) is paid not later than ten (10) days after its scheduled due**
 33 **date; and**
 34 **(2) is otherwise a full payment of the payment due for the**
 35 **applicable installment period;**

36 **if the only delinquency with respect to the consumer credit sale,**
 37 **refinancing, or consolidation is attributable to a delinquency**
 38 **charge assessed on an earlier installment.**

39 **(d) If two (2) or more installments, or parts of two (2) or more**
 40 **installments, of a precomputed consumer credit sale are in default**
 41 **for ten (10) days or more, the creditor may elect to convert the**
 42 **consumer credit sale from a precomputed consumer credit sale to**

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1 a consumer credit sale in which the credit service charge is based
 2 on unpaid balances. A creditor that makes this election shall make
 3 a rebate under the provisions on rebates upon prepayment under
 4 section 12 of this chapter as of the maturity date of the first
 5 delinquent installment, and thereafter may make a credit service
 6 charge as authorized by the provisions on credit service charges for
 7 consumer credit sales under section 4 of this chapter. The amount
 8 of the rebate shall not be reduced by the amount of any permitted
 9 minimum charge under section 12 of this chapter. Any deferral
 10 charges made on installments due at or after the maturity date of
 11 the first delinquent installment shall be rebated, and no further
 12 deferral charges shall be made.

13 Sec. 7. (a) This section applies only to a consumer credit sale,
 14 refinancing, or consolidation, that is entered into before July 1,
 15 2020. With respect to a precomputed consumer credit sale,
 16 refinancing, or consolidation, the parties before or after default
 17 may agree in writing to a deferral of all or part of one (1) or more
 18 unpaid installments, and the seller may make and collect a charge
 19 not exceeding the lesser of thirty-six percent (36%) per year or the
 20 rate previously stated to the buyer pursuant to section 13 of this
 21 chapter applied to the amount or amounts deferred for the period
 22 of deferral calculated without regard to differences in lengths of
 23 months, but proportionately 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 seller, 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 credit sale, refinancing, or consolidation
 33 that if an installment is not paid within ten (10) days after its due
 34 date, the seller may unilaterally grant a deferral and make charges
 35 as provided in this section. No deferral charge may be made for a
 36 period after the date that the seller elects to accelerate the maturity
 37 of the agreement.

38 (d) A delinquency charge made by the seller 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 credit sale, refinancing, or
 42 consolidation, the seller may by agreement with the buyer



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1 refinance the unpaid balance and may contract for and receive a
 2 credit service charge based on the amount financed resulting from
 3 the refinancing at a rate not exceeding that permitted by the
 4 provisions on credit service charge for consumer credit sales under
 5 section 4 of this chapter. For the purpose of determining the credit
 6 service charge permitted, the amount financed resulting from the
 7 refinancing comprises the following:

8 (1) If:

9 (A) the transaction was not precomputed, the total of the
 10 unpaid balance and accrued charges on the date of
 11 refinancing; or

12 (B) the transaction was precomputed, in the case of a
 13 transaction entered into before July 1, 2020, the amount
 14 which the buyer would have been required to pay upon
 15 prepayment pursuant to the provisions on rebate upon
 16 prepayment (section 12 of this chapter) on the date of
 17 refinancing.

18 (2) Appropriate additional charges under section 5 of this
 19 chapter, payment of which is deferred.

20 **Sec. 9.** If a buyer owes an unpaid balance to a seller with
 21 respect to a consumer credit sale, refinancing, or consolidation,
 22 and becomes obligated on another consumer credit sale,
 23 refinancing, or consolidation with the same seller, the parties may
 24 agree to a consolidation resulting in a single schedule of payments
 25 pursuant to either of the following:

26 (1) The parties may agree to refinance the unpaid balance
 27 with respect to the previous sale pursuant to the provisions
 28 on refinancing (section 8 of this chapter) and to consolidate
 29 the amount financed resulting from the refinancing by
 30 adding it to the amount financed with respect to the
 31 subsequent sale. The seller may contract for and receive a
 32 credit service charge based on the aggregate amount
 33 financed resulting from the consolidation at a rate not
 34 exceeding that permitted by the provisions on credit service
 35 charge for consumer credit sales (section 4 of this chapter).

36 (2) The parties may agree to consolidate by adding together
 37 the unpaid balances with respect to the two sales.

38 **Sec. 10. (a)** If the agreement with respect to a consumer credit
 39 sale, refinancing, or consolidation contains covenants by the buyer
 40 to perform certain duties pertaining to insuring or preserving
 41 collateral and the seller pursuant to the agreement pays for
 42 performance of the duties on behalf of the buyer, the seller may



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1 add the amounts paid to the debt. Within a reasonable time after
 2 advancing any sums, the seller shall state to the buyer in writing
 3 the amount of the sums advanced, any charges with respect to this
 4 amount, and any revised payment schedule and, if the duties of the
 5 buyer performed by the seller pertain to insurance, a brief
 6 description of the insurance paid for by the seller including the
 7 type and amount of coverages. No further information need be
 8 given.

9 (b) A credit service charge may be made for sums advanced
 10 pursuant to subsection (a) at a rate not exceeding the rate stated to
 11 the buyer pursuant to section 13 of this chapter with respect to the
 12 sale, refinancing or consolidation, except that with respect to a
 13 revolving charge account the amount of the advance may be added
 14 to the unpaid balance of the account and the seller may make a
 15 credit service charge not exceeding that permitted by the
 16 provisions on credit service charge for revolving charge accounts
 17 set forth in section 4(f) of this chapter.

18 Sec. 11. (a) Subject to the provisions on rebate upon
 19 prepayment set forth in section 12 of this chapter, the buyer may
 20 prepay in full the unpaid balance of a consumer credit sale,
 21 refinancing, or consolidation at any time without penalty.

22 (b) At the time of prepayment of a credit sale not subject to the
 23 provisions of rebate upon prepayment set forth in section 12 of this
 24 chapter, the total credit service charge:

25 (1) including the prepaid credit service charge; but

26 (2) subject to section 4(m) of this chapter, excluding the
 27 nonrefundable prepaid finance charge allowed under section
 28 4(k) of this chapter, in the case of a sale agreement entered
 29 into after June 30, 2020;

30 may not exceed the maximum charge allowed under this chapter
 31 for the period the credit sale was in effect.

32 (c) The creditor or mortgage servicer shall provide, in writing,
 33 an accurate payoff amount for the consumer credit sale to the
 34 debtor within seven (7) business days (excluding legal public
 35 holidays, Saturdays, and Sundays) after the creditor or mortgage
 36 servicer receives the debtor's written request for the accurate
 37 consumer credit sale payoff amount. A payoff statement provided
 38 by a creditor or mortgage servicer under this subsection must show
 39 the date the statement was prepared and itemize the unpaid
 40 principal balance and each fee, charge, or other sum included
 41 within the payoff amount. A creditor or mortgage servicer who
 42 fails to provide the accurate consumer credit sale payoff amount



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1 is liable for:
 2 (1) one hundred dollars (\$100) if an accurate consumer
 3 credit sale payoff amount is not provided by the creditor or
 4 mortgage servicer within seven (7) business days (excluding
 5 legal public holidays, Saturdays, and Sundays) after the
 6 creditor or mortgage servicer receives the debtor's first
 7 written request; and
 8 (2) the greater of:
 9 (A) one hundred dollars (\$100); or
 10 (B) the credit service charge that accrues on the sale
 11 from the date the creditor or mortgage servicer receives
 12 the first written request until the date on which the
 13 accurate consumer credit sale payoff amount is
 14 provided;
 15 if an accurate consumer credit sale payoff amount is not
 16 provided by the creditor or mortgage servicer within seven
 17 (7) business days (excluding legal public holidays, Saturdays,
 18 and Sundays) after the creditor or mortgage servicer
 19 receives the debtor's second written request, and the creditor
 20 or mortgage servicer failed to comply with subdivision (1).
 21 A liability under this subsection is an excess charge under
 22 IC 37-2-6-9.
 23 (d) As used in this subsection, "mortgage transaction" means
 24 a consumer credit sale in which a mortgage or a land contract (or
 25 another consensual security interest equivalent to a mortgage or a
 26 land contract) that constitutes a lien is created or retained against
 27 land upon which there is constructed or intended to be constructed
 28 a dwelling that is or will be used by the debtor primarily for
 29 personal, family, or household purposes. This subsection applies to
 30 a mortgage transaction with respect to which any installment or
 31 minimum payment due is delinquent for at least sixty (60) days.
 32 The creditor, servicer, or the creditor's agent shall acknowledge a
 33 written offer made in connection with a proposed short sale not
 34 later than five (5) business days (excluding legal public holidays,
 35 Saturdays, and Sundays) after the date of the offer if the offer
 36 complies with the requirements for a qualified written request set
 37 forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or
 38 creditor's agent is required to acknowledge a written offer made
 39 in connection with a proposed short sale from a third party acting
 40 on behalf of the debtor only if the debtor has provided written
 41 authorization for the creditor, servicer, or creditor's agent to do so.
 42 Not later than thirty (30) business days (excluding legal public

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1 holidays, Saturdays, and Sundays) after receipt of an offer under
 2 this subsection, the creditor, servicer, or creditor's agent shall
 3 respond to the offer with an acceptance or a rejection of the offer.
 4 The thirty (30) day period described in this subsection may be
 5 extended for not more than fifteen (15) business days (excluding
 6 legal public holidays, Saturdays, and Sundays) if, before the end of
 7 the thirty (30) day period, the creditor, the servicer, or the
 8 creditor's agent notifies the debtor of the extension and the reason
 9 the extension is needed. Payment accepted by a creditor, servicer,
 10 or creditor's agent in connection with a short sale constitutes
 11 payment in full satisfaction of the mortgage transaction unless the
 12 creditor, servicer, or creditor's agent obtains either:

13 (1) a statement that: "The debtor remains liable for any
 14 amount still owed under the mortgage transaction."; or

15 (2) a statement substantially similar to the statement set
 16 forth in subdivision (1);

17 acknowledged by the initials or signature of the debtor, on or
 18 before the date on which the short sale payment is accepted. As
 19 used in this subsection, "short sale" means a transaction in which
 20 the property that is the subject of a mortgage transaction is sold
 21 for an amount that is less than the amount of the debtor's
 22 outstanding obligation under the mortgage transaction. A creditor
 23 or mortgage servicer that fails to respond to an offer within the
 24 time prescribed by this subsection is liable in accordance with 12
 25 U.S.C. 2605(f) in any action brought under that section.

26 (e) This section is not intended to provide the owner of real
 27 estate subject to the issuance of process under a judgment or
 28 decree of foreclosure any protection or defense against a deficiency
 29 judgment for purposes of the borrower protections from liability
 30 that must be disclosed under 12 CFR 1026.38(p)(3) on the form
 31 required by 12 CFR 1026.38 ("Closing Disclosures" form under
 32 the Amendments to the 2013 Integrated Mortgage Disclosures Rule
 33 Under the Real Estate Settlement Procedures Act (Regulation X)
 34 and the Truth In Lending Act (Regulation Z) and the 2013 Loan
 35 Originator Rule Under the Truth in Lending Act (Regulation Z)).

36 Sec. 12. (a) Except for subsections (b) and (i), this section
 37 applies only to a sale agreement entered into before July 1, 2020.
 38 Except as provided in subsection (b), upon prepayment in full of
 39 the unpaid balance of a precomputed consumer credit sale,
 40 refinancing, or consolidation, an amount not less than the
 41 unearned portion of the credit service charge calculated according
 42 to this section shall be rebated to the buyer. If the rebate required



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1 is less than one dollar (\$1), no rebate need be made.

2 (b) Upon prepayment in full of a consumer credit sale,
3 refinancing, or consolidation, other than one pursuant to a
4 revolving charge account, if the credit service charge then earned
5 is less than any permitted minimum credit service charge under
6 section 4(h) of this chapter contracted for, whether or not the sale,
7 refinancing, or consolidation is precomputed, the seller may collect
8 or retain the minimum charge, as if earned, not exceeding the
9 credit service charge contracted for.

10 (c) The unearned portion of the credit service charge is a
11 fraction of the credit service charge of which the numerator is the
12 sum of the periodic balances scheduled to follow the computational
13 period in which prepayment occurs, and the denominator is the
14 sum of all periodic balances under either the sale agreement or, if
15 the balance owing resulted from a refinancing (section 8 of this
16 chapter) or a consolidation (section 9 of this chapter), under the
17 refinancing agreement or consolidation agreement.

18 (d) In this section:

19 (1) "periodic balance" means the amount scheduled to be
20 outstanding on the last day of a computational period before
21 deducting the payment, if any, scheduled to be made on that
22 day;

23 (2) "computational period" means one (1) month if one-half
24 (1/2) or more of the intervals between scheduled payments
25 under the agreement is one (1) month or more, and otherwise
26 means one (1) week;

27 (3) the "interval" to the due date of the first scheduled
28 installment or the final scheduled payment date is measured
29 from the date of a sale, refinancing, or consolidation, or any
30 later date prescribed for calculating maximum credit service
31 charges under section 4(e) of this chapter and includes either
32 the first or last day of the interval; and

33 (4) if the interval to the due date of the first scheduled
34 installment does not exceed one (1) month by more than
35 fifteen (15) days when the computational period is one (1)
36 month, or eleven (11) days when the computational period is
37 one (1) week, the interval shall be considered as one (1)
38 computational period.

39 (e) This subsection applies only if the schedule of payments is
40 not regular.

41 (1) If the computational period is one (1) month and:

42 (A) if the number of days in the interval to the due date



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1 of the first scheduled installment is less than one (1)
 2 month by more than five (5) days, or more than one (1)
 3 month by more than five (5) but not more than fifteen
 4 (15) days, the unearned credit service charge shall be
 5 increased by an adjustment for each day by which the
 6 interval is less than one (1) month and, at the option of
 7 the seller, may be reduced by an adjustment for each
 8 day by which the interval is more than one (1) month;
 9 the adjustment for each day shall be one-thirtieth (1/30)
 10 of that part of the credit service charge earned in the
 11 computational period prior to the due date of the first
 12 scheduled installment assuming that period to be one (1)
 13 month; and

14 (B) if the interval to the final scheduled payment date is
 15 a number of computational periods plus an additional
 16 number of days less than a full month, the additional
 17 number of days shall be considered a computational
 18 period only if sixteen (16) days or more. This clause
 19 applies whether or not clause (A) applies.

20 (2) Notwithstanding subdivision (1), if the computational
 21 period is one (1) month, the number of days in the interval to
 22 the due date of the first installment exceeds one (1) month by
 23 not more than fifteen (15) days, and the schedule of
 24 payments is otherwise regular, the seller, at the seller's
 25 option, may exclude the extra days and the charge for the
 26 extra days in computing the unearned credit service charge;
 27 but if the seller does so and a rebate is required before the
 28 due date of the first scheduled installment, the seller shall
 29 compute the earned charge for each elapsed day as
 30 one-thirtieth (1/30) of the amount the earned charge would
 31 have been if the first interval had been one (1) month.

32 (3) If the computational period is one (1) week and:

33 (A) if the number of days in the interval to the due date
 34 of this first scheduled installment is less than five (5)
 35 days or more than nine (9) days but not more than
 36 eleven (11) days, the unearned credit service charge
 37 shall be increased by an adjustment for each day by
 38 which the interval is less than seven (7) days and, at the
 39 option of the seller, may be reduced by an adjustment
 40 for each day by which the interval is more than seven (7)
 41 days; the adjustment for each day shall be one-seventh
 42 (1/7) of that part of the credit service charge earned in



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1 the computational period prior to the due date of the
2 first scheduled installment assuming that period to be
3 one (1) week; and

4 (B) if the interval to the final scheduled payment date is
5 a number of computational periods plus an additional
6 number of days less than a full week, the additional
7 number of days shall be considered a computational
8 period only if five (5) days or more. This clause applies
9 whether or not clause (A) applies.

10 (f) If a deferral under section 7 of this chapter has been agreed
11 to, the unearned portion of the credit service charge shall be
12 computed without regard to the deferral. The amount of deferral
13 charge earned at the date of prepayment shall also be calculated.
14 If the deferral charge earned is less than the deferral charge paid,
15 the difference shall be added to the unearned portion of the credit
16 service charge. If any part of a deferral charge has been earned but
17 has not been paid, that part shall be subtracted from the unearned
18 portion of the credit service charge or shall be added to the unpaid
19 balance.

20 (g) This section does not preclude the collection or retention by
21 the seller of delinquency charges under section 6 of this chapter.

22 (h) If the maturity is accelerated for any reason and judgment
23 is obtained, the buyer is entitled to the same rebate as if payment
24 had been made on the date judgment is entered.

25 (i) Upon prepayment in full of a consumer credit sale by the
26 proceeds of consumer credit insurance, the buyer or the buyer's
27 estate shall pay the same credit service charge or receive the same
28 rebate as though the buyer had prepaid the agreement on the date
29 the proceeds of the insurance are paid to the seller, but no later
30 than ten (10) business days after satisfactory proof of loss is
31 furnished to the seller. This subsection applies whether or not the
32 credit sale is precomputed.

33 (j) Upon prepayment in full of a transaction with a term of
34 more than sixty-one (61) months, the unearned part of the credit
35 service charge shall be computed by applying the disclosed annual
36 percentage rate that would yield the credit service charge
37 originally contracted for to the unpaid balances of the amount
38 financed for the full computational periods following the
39 prepayment, as originally scheduled or as deferred.

40 Sec. 13. (a) For purposes of this section, "consumer credit
41 sale" includes a sale that is a sale of an interest in land and that is
42 a first lien mortgage transaction if the sale is otherwise a consumer



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credit sale.

(b) The seller shall disclose to the buyer to whom credit is extended with respect to a consumer credit sale, and the lessor shall disclose to the lessee with respect to a consumer lease, 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 credit sale if the transaction is exempt from the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

Sec. 14. A seller may not use multiple agreements with intent to obtain a higher credit service charge than would otherwise be permitted by this article or to avoid disclosure of an annual percentage rate pursuant to section 13 of this chapter. The excess amount of credit service charge provided for in agreements in violation of this section is an excess charge for the purposes of the provisions on the 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. 15. (a) For the purposes of this section, "terms of the refinancing" means:

(1) in the case of a fixed-rate consumer credit sale, the individual payment amounts, the charges as a result of default by the buyer, and the rate of the credit service charge; and

(2) in the case of a variable rate consumer credit sale, the method used to determine the individual payment amounts, the charges as a result of default by the buyer, the method used to determine the rate of the credit service charge, the circumstances under which the rate of the credit service charge may increase, and any limitations on the increase in the rate of the credit service charge.

(b) With respect to a consumer credit sale, other than one pursuant to a revolving charge account or one on which only credit service charges are payable before 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 buyer 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 buyer than the terms of the original sale. This section does not apply to the extent that the payment schedule is adjusted to the seasonal or irregular income of the buyer.

Sec. 16. The obligation of a lessee upon expiration of a

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1 consumer lease may not exceed three (3) times the average
 2 payment allocable to a monthly period under the lease. This
 3 limitation does not apply to charges for damages to the leased
 4 property or for other default.

5 **Sec. 17. (a)** With respect to a consumer credit sale, a seller may
 6 take a security interest in the property sold. In addition, a seller
 7 may take a security interest in goods upon which services are
 8 performed or in which goods sold are installed or to which they are
 9 annexed, or in land to which the goods are affixed or which is
 10 maintained, repaired, or improved as a result of the sale of the
 11 goods or services, if, in the case of a subordinate lien mortgage
 12 transaction, the debt secured is four thousand dollars (\$4,000) or
 13 more, or, in the case of a security interest in goods the debt secured
 14 is three hundred dollars (\$300) or more. Except as provided with
 15 respect to cross-collateral in section 19 of this chapter, a seller may
 16 not otherwise take a security interest in property of the buyer to
 17 secure the debt arising from a consumer credit sale.

18 **(b)** With respect to a consumer lease, a lessor may not take a
 19 security interest in property of the lessee to secure the debt arising
 20 from the lease.

21 **(c)** A security interest taken in violation of this section is void.

22 **(d)** The amounts of four thousand dollars (\$4,000) and three
 23 hundred dollars (\$300) in subsection (a) are subject to change
 24 pursuant to the provisions on adjustment of dollar amounts in
 25 IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the
 26 Reference Base Index to be used with respect to the amount of:

27 **(1)** three hundred dollars (\$300) is the Index for October
 28 1992; and

29 **(2)** four thousand dollars (\$4,000) is the Index for October
 30 2012.

31 **Sec. 18.** The leasing of live domestic animals (as defined in
 32 IC 34-30-30-1) under this chapter is prohibited.

33 **Sec. 19. (a)** As used in this section, "seller" does not include an
 34 assignee not related to the original seller.

35 **(b)** In addition to contracting for a security interest pursuant
 36 to the provisions on security in sales or leases in section 17 of this
 37 chapter, a seller in a consumer credit sale may secure the debt
 38 arising from the sale by contracting for a security interest in other
 39 property if as a result of a prior sale the seller has an existing
 40 security interest in the other property. The seller may also contract
 41 for a security interest in the property sold in the subsequent sale as
 42 security for the previous debt.



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1 (c) If the seller contracts for a security interest in other
 2 property pursuant to this section, the rate of credit service charge
 3 thereafter on the aggregate unpaid balances so secured may not
 4 exceed that permitted if the balances so secured were consolidated
 5 pursuant to the provisions on consolidation involving a refinancing
 6 in section 9(a) of this chapter. The seller has a reasonable time
 7 after so contracting to make any adjustments required by this
 8 section.

9 Sec. 20. (a) If debts arising from two (2) or more consumer
 10 credit sales, other than sales pursuant to a revolving charge
 11 account, are secured by cross-collateral under section 19 of this
 12 chapter or consolidated into one (1) debt payable on a single
 13 schedule of payments, and the debt is secured by security interests
 14 taken with respect to one (1) or more of the sales, payments
 15 received by the seller after the taking of the cross-collateral or the
 16 consolidation are deemed, for the purpose of determining the
 17 amount of the debt secured by the various security interests, to
 18 have been first applied to the payment of the debts arising from the
 19 sales first made. To the extent debts are paid according to this
 20 section, security interests in items of property terminate as the debt
 21 originally incurred with respect to each item is paid.

22 (b) Payments received by the seller upon a revolving charge
 23 account are deemed, for the purpose of determining the amount of
 24 the debt secured by the various security interests, to have been
 25 applied first to the payment of credit service charges in the order
 26 of their entry to the account and then to the payment of debts in
 27 the order in which the entries to the account showing the debts
 28 were made.

29 (c) If the debts consolidated arose from two (2) or more sales
 30 made on the same day, payments received by the seller are deemed,
 31 for the purpose of determining the amount of the debts secured by
 32 the various security interests, to have been applied first to the
 33 payment of the smallest debt.

34 Sec. 21. A seller or lessor may not take an assignment of
 35 earnings of the buyer or lessee for payment or as security for
 36 payment of a claim, whether arising out of a consumer credit sale,
 37 consumer lease, or otherwise. An assignment of earnings in
 38 violation of this section is unenforceable by the assignees of the
 39 earnings and revocable by the buyer or lessee. This section does not
 40 prohibit an employee from authorizing deductions from the
 41 employee's earnings if the authorization is revocable and is
 42 otherwise permitted by law.



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1 **Sec. 22. With respect to a consumer credit sale or consumer**
 2 **lease the seller or lessor may not give or offer to give a rebate or**
 3 **discount or otherwise pay or offer to pay value to the buyer or**
 4 **lessee as an inducement for a sale or lease in consideration of the**
 5 **buyer or lessee giving to the seller or lessor the names of**
 6 **prospective purchasers or lessees, or otherwise aiding the seller or**
 7 **lessor in making a sale or lease to another person, if the earning of**
 8 **the rebate, discount or other value is contingent upon the**
 9 **occurrence of an event subsequent to the time the buyer or lessee**
 10 **agrees to buy or lease. If a buyer or lessee is induced by a violation**
 11 **of this section to enter into a consumer credit sale or consumer**
 12 **lease, the agreement is unenforceable by the seller or lessor and the**
 13 **buyer or lessee, at the buyer's or lessee's option, may rescind the**
 14 **agreement or retain the goods delivered and the benefit of any**
 15 **services performed, without any obligation to pay for them.**

16 **Sec. 23. The buyer or lessee is authorized to pay the original**
 17 **seller or lessor until the buyer or lessee receives notification of**
 18 **assignment of the rights to payment pursuant to a consumer credit**
 19 **sale or consumer lease and that payment is to be made to the**
 20 **assignee. A notification which does not reasonably identify the**
 21 **rights assigned is ineffective. If requested by the buyer or lessee,**
 22 **the assignee must seasonably furnish reasonable proof that the**
 23 **assignment has been made and unless the assignee does so the**
 24 **buyer or lessee may pay the seller or lessor.**

25 **Sec. 24. With respect to a consumer credit sale or consumer**
 26 **lease the agreement may provide for the payment by the buyer or**
 27 **lessee of reasonable attorney's fees and after default and referral**
 28 **to an attorney not a salaried employee of the seller, or of the lessor**
 29 **or the lessor's assignee. A provision in violation of this section is**
 30 **unenforceable.**

31 **Sec. 25. Except for reasonable expenses incurred in realizing**
 32 **on a security interest, the agreement with respect to a consumer**
 33 **credit sale may not provide for any charges as a result of default by**
 34 **the buyer other than those authorized by this article. A provision**
 35 **in violation of this section is unenforceable.**

36 **Sec. 26. A buyer or lessee may not authorize any person to**
 37 **confess judgment on a claim arising out of a consumer credit sale**
 38 **or consumer lease. An authorization in violation of this section is**
 39 **void.**

40 **Sec. 27. (a) This section applies to consumer credit sales,**
 41 **including revolving charge accounts.**

42 **(b) Except as provided in subsection (c), a creditor shall credit**



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1 a payment to a consumer's account as of the date of receipt, except
2 when a delay in crediting does not result in a finance charge or
3 other charge, including a delinquency charge under section 6 of
4 this chapter. A delay in posting does not violate this section so long
5 as the payment is credited as of the date of receipt.

6 (c) If a creditor specifies in writing requirements for the
7 consumer to follow in making payments, but accepts a payment
8 that does not conform to the requirements, the creditor shall credit
9 the payment within five (5) days of receipt of the payment.

10 (d) If a creditor fails to credit a payment as required by this
11 section in time to avoid the imposition of a finance or other charge,
12 including a delinquency charge, the creditor shall adjust the
13 consumer's account so that the charges imposed are credited to the
14 consumer's account during the next payment period.

15 Sec. 28. The requirements of 16 CFR 429 must be met in
16 regard to the following provisions concerning a home solicitation
17 sale:

- 18 (1) Period within which cancellation may be made by the
19 buyer.
- 20 (2) Notice of cancellation.
- 21 (3) Form of cancellation.
- 22 (4) Form of agreement or offer to purchase.
- 23 (5) Statement of buyer's rights.
- 24 (6) Restoration of down payment.
- 25 (7) Retention of cancellation fee.
- 26 (8) Duty of buyer.
- 27 (9) Any other relevant requirements in 16 CFR 429.

28 Sec. 29. The parties to a sale other than a consumer credit sale
29 may agree in a writing signed by the parties that the sale is subject
30 to the provisions of this article applying to consumer credit sales.
31 If the parties so agree, the sale is a consumer credit sale for the
32 purposes of this article.

33 Sec. 30. (a) With respect to a consumer related sale not made
34 pursuant to a revolving charge account, the parties may contract
35 for an amount comprising the amount financed and a credit service
36 charge not in excess of twenty-five percent (25%) per year
37 calculated according to the actuarial method on the unpaid
38 balances of the amount financed.

39 (b) With respect to a consumer related sale made pursuant to
40 a revolving charge account, the parties may contract for a credit
41 service charge not in excess of that permitted by the provisions on
42 credit service charge for revolving charge accounts set forth in

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1 section 4(f) of this chapter.

2 (c) A person engaged in consumer related sales is not required
3 to comply with IC 37-2-7-24 through IC 37-2-7-26.

4 Sec. 31. Except for the rate of the credit service charge set
5 forth in section 4 of this chapter and the rights to prepay and to
6 rebate upon prepayment, sections 4 through 12 of this chapter
7 apply to a consumer related sale.

8 Sec. 32. (a) An agreement with respect to a consumer related
9 sale may provide for only the following charges as a result of the
10 buyer's default:

11 (1) Reasonable attorney's fees and reasonable expenses
12 incurred in realizing on a security interest.

13 (2) Deferral charges not in excess of twenty-five percent
14 (25%) per year of the amount deferred for the period of
15 deferral.

16 (3) Other charges that could have been made had the sale
17 been a consumer credit sale.

18 (b) A provision in violation of this section is unenforceable.

19 Sec. 33. With respect to a sale other than a consumer credit
20 sale or a consumer related sale, the parties may contract for the
21 payment by the buyer of any credit service charge.

22 Chapter 4. Loans

23 Sec. 0.1. The following amendments to IC 24-4.5-3 (before its
24 repeal) applied as follows:

25 (1) The amendments made to IC 24-4.5-3-201 (before its
26 repeal) by P.L.163-1999 did not apply to consumer loans in
27 existence before July 1, 1999.

28 (2) The amendments made to IC 24-4.5-3-209(1) (before its
29 repeal) by P.L.159-2001 applied to a contract between a
30 lender and a debtor that is entered into or renewed after
31 June 30, 2001.

32 Sec. 1. (a) This chapter applies to consumer loans, including
33 supervised loans.

34 (b) Sections 15 through 21 of this chapter apply to consumer
35 loans. Except as otherwise provided, all provisions of this article
36 applying to consumer loans apply to supervised loans.

37 (c) Sections 41 through 44 of this chapter apply to consumer
38 related loans.

39 (d) Except for the rate of the loan finance charge and the
40 rights to prepay and to rebate upon prepayment, sections 4
41 through 13 of this chapter apply to a consumer related loan.

42 (e) The licensing provisions of this chapter apply to consumer



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1 credit sales under IC 37-2-3 that are subordinate lien mortgage
2 transactions.

3 Sec. 2. Unless a loan is made subject to this chapter by
4 agreement under section 41 of this chapter, and except with respect
5 to:

- 6 (1) disclosure (section 14 of this chapter);
- 7 (2) debtors' remedies (IC 37-2-6-8);
- 8 (3) providing payoff amounts (section 12 of this chapter);
- 9 (4) providing property tax information (section 46 of this
10 chapter);
- 11 (5) powers and functions of the department (IC 37-2-7-3);
- 12 (6) the department's examination and investigatory authority
13 (IC 37-2-7-5); and
- 14 (7) the department's administrative enforcement authority
15 (IC 37-2-7-9);

16 the term "consumer loan" does not include a first lien mortgage
17 transaction.

18 Sec. 3. A loan, refinancing, or consolidation is considered
19 precomputed if the debt is expressed as a sum comprising the
20 principal and the amount of the loan finance charge computed in
21 advance.

22 Sec. 4. (a) This section does not apply to a supervised loan.
23 Except as provided in subsections (f) and (i), with respect to a
24 consumer loan, a lender may contract for a loan finance charge,
25 calculated according to the actuarial method, not exceeding
26 twenty-five percent (25%) per year on the unpaid balances of the
27 principal.

28 (b) In the case of a loan agreement entered into before July 1,
29 2020, this section does not limit or restrict the manner of
30 contracting for the loan finance charge, whether by way of add-on,
31 discount, or otherwise, so long as the rate of the loan finance
32 charge does not exceed that permitted by this section. If the loan is
33 precomputed:

- 34 (1) the loan finance charge may be calculated on the
35 assumption that all scheduled payments will be made when
36 due; and
- 37 (2) the effect of prepayment is governed by the provisions on
38 rebate upon prepayment in section 13 of this chapter.

39 (c) The following apply to a loan agreement for a consumer
40 loan (or for the refinancing or consolidation of a consumer loan)
41 that is entered into after June 30, 2020:

- 42 (1) The consumer loan is subject to this section, including the

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- 1 limitations set forth in:
- 2 (A) subsection (a) with respect to the loan finance
- 3 charge; and
- 4 (B) subsection (i)(2) with respect to the amount of the
- 5 authorized nonrefundable prepaid finance charge, in the
- 6 case of a consumer loan that is not secured by an
- 7 interest in land.
- 8 (2) The loan finance charge authorized by this section must
- 9 be:
- 10 (A) contracted for between the lender and the debtor;
- 11 and
- 12 (B) calculated by applying a rate not exceeding the rate
- 13 set forth in subsection (a) to unpaid balances of the
- 14 principal.
- 15 (3) A loan agreement for a precomputed consumer loan is
- 16 prohibited.
- 17 (4) Subject to subsection (l), in addition to the loan finance
- 18 charge authorized by subsection (a) and to any other fees
- 19 permitted by this chapter, and not subject to the twenty-five
- 20 percent (25%) rate set forth in subsection (a), the lender may
- 21 contract for and receive as a condition for, or an incident to,
- 22 the extension of credit a nonrefundable prepaid finance
- 23 charge under subsection (i), whether the charge is:
- 24 (A) paid separately in cash or by check before or at
- 25 consummation; or
- 26 (B) withheld from the proceeds of the consumer loan.
- 27 (d) For the purposes of this section, the term of a loan
- 28 commences with the date the loan is made. Differences in the
- 29 lengths of months are disregarded, and a day may be counted as
- 30 one-thirtieth (1/30) of a month. Subject to classifications and
- 31 differentiations the lender may reasonably establish, a part of a
- 32 month in excess of fifteen (15) days may be treated as a full month
- 33 if periods of fifteen (15) days or less are disregarded and if that
- 34 procedure is not consistently used to obtain a greater yield than
- 35 would otherwise be permitted. For purposes of computing average
- 36 daily balances, the creditor may elect to treat all months as
- 37 consisting of thirty (30) days.
- 38 (e) With respect to a consumer loan made pursuant to a
- 39 revolving loan account:
- 40 (1) the loan finance charge shall be deemed not to exceed the
- 41 maximum annual percentage rate if the loan finance charge
- 42 contracted for and received does not exceed a charge in each

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1 monthly billing cycle which is two and eighty-three
 2 thousandths percent (2.083%) of an amount not greater
 3 than:

4 (A) the average daily balance of the debt;

5 (B) the unpaid balance of the debt on the same day of
 6 the billing cycle; or

7 (C) subject to subsection (f), the median amount within
 8 a specified range within which the average daily balance
 9 or the unpaid balance of the debt, on the same day of the
 10 billing cycle, is included; for the purposes of this clause
 11 and clause (B), a variation of not more than four (4)
 12 days from month to month is "the same day of the
 13 billing cycle";

14 (2) if the billing cycle is not monthly, the loan finance charge
 15 shall be deemed not to exceed the maximum annual
 16 percentage rate if the loan finance charge contracted for and
 17 received does not exceed a percentage which bears the same
 18 relation to one-twelfth (1/12) the maximum annual
 19 percentage rate as the number of days in the billing cycle
 20 bears to thirty (30); and

21 (3) notwithstanding subsection (a), if there is an unpaid
 22 balance on the date as of which the loan finance charge is
 23 applied, the lender may contract for and receive a charge not
 24 exceeding fifty cents (\$0.50) if the billing cycle is monthly or
 25 longer, or the pro rata part of fifty cents (\$0.50) which bears
 26 the same relation to fifty cents (\$0.50) as the number of days
 27 in the billing cycle bears to thirty (30) if the billing cycle is
 28 shorter than monthly, but no charge may be made pursuant
 29 to this subdivision if the lender has made an annual charge
 30 for the same period as permitted by the provisions on
 31 additional charges in section 5(a)(3) of this chapter.

32 (f) Subject to classifications and differentiations the lender
 33 may reasonably establish, the lender may make the same loan
 34 finance charge on all amounts financed within a specified range. A
 35 loan finance charge does not violate subsection (a) if:

36 (1) when applied to the median amount within each range, it
 37 does not exceed the maximum permitted by subsection (a);
 38 and

39 (2) when applied to the lowest amount within each range, it
 40 does not produce a rate of loan finance charge exceeding the
 41 rate calculated according to subdivision (1) by more than
 42 eight percent (8%) of the rate calculated according to



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1 subdivision (1).
 2 (g) With respect to a consumer loan not made pursuant to a
 3 revolving loan account, the lender may contract for and receive a
 4 minimum loan finance charge of not more than thirty dollars (\$30).
 5 The minimum loan finance charge allowed under this subsection
 6 may be imposed only if the lender does not contract for or receive
 7 a nonrefundable prepaid finance charge under subsection (i) and:
 8 (1) the debtor prepays in full a consumer loan, refinancing,
 9 or consolidation, regardless of whether the loan, refinancing,
 10 or consolidation is precomputed;
 11 (2) the loan, refinancing, or consolidation prepaid by the
 12 debtor is subject to a loan finance charge that:
 13 (A) is contracted for by the parties; and
 14 (B) does not exceed the rate prescribed in subsection (a);
 15 and
 16 (3) the loan finance charge earned at the time of prepayment
 17 is less than the minimum loan finance charge contracted for
 18 under this subsection.
 19 (h) The amount of thirty dollars (\$30) in subsection (g) is
 20 subject to change under the provisions on adjustment of dollar
 21 amounts set forth in IC 37-2-1-5. However, notwithstanding
 22 IC 37-2-1-5(a), the Reference Base Index to be used under this
 23 subsection is the Index for October 1992.
 24 (i) Except as provided in subsection (g), and subject to
 25 subsection (l), in addition to the loan finance charge authorized by
 26 subsection (a) and to any other charges and fees permitted by this
 27 chapter, a lender may contract for and receive a nonrefundable
 28 prepaid finance charge of not more than the following:
 29 (1) In the case of a consumer loan that is secured by an
 30 interest in land and that:
 31 (A) is not made under a revolving loan account, three
 32 percent (3%) of the loan amount; or
 33 (B) is made under a revolving loan account, three
 34 percent (3%) of the line of credit.
 35 (2) In the case of consumer loan that is not secured by an
 36 interest in land, fifty dollars (\$50) if the loan agreement is
 37 entered into before July 1, 2020. If the loan agreement is
 38 entered into after June 30, 2020, not more than the
 39 following:
 40 (A) Seventy-five dollars (\$75), in the case of a loan
 41 agreement for a principal amount which is two thousand
 42 dollars (\$2,000) or less.

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(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.

(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:

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1 (1) If the loan is paid in full by the new loan within three (3)
2 months after the date of the prior loan, the lender may not
3 charge a nonrefundable prepaid finance charge on the new
4 loan, or, in the case of a revolving loan, on the increased
5 credit line.

6 (2) The lender may not assess more than two (2)
7 nonrefundable prepaid finance charges in any twelve (12)
8 month period.

9 (3) Subject to subdivisions (1) and (2), if a loan that is
10 entered into by a lender and a debtor before July 1, 2020, is
11 paid in full by a new loan from the same lender after June
12 30, 2020, the lender may contract for and receive a
13 nonrefundable prepaid finance charge in the amount set
14 forth in subsection (i)(2) for loan agreements entered into
15 after June 30, 2020.

16 (n) In the case of a consumer loan that is secured by an interest
17 in land, this section does not prohibit a lender from contracting for
18 and receiving a fee for preparing deeds, mortgages, reconveyances,
19 and similar documents under section 5(a)(4)(B) of this chapter, in
20 addition to the nonrefundable prepaid finance charge provided for
21 in subsection (i).

22 Sec. 5. (a) In addition to the loan finance charge permitted by
23 this chapter, a lender may contract for and receive the following
24 additional charges in connection with a consumer loan:

25 (1) Official fees and taxes.

26 (2) Charges for insurance as described in subsection (b).

27 (3) Annual participation fees assessed in connection with a
28 revolving loan account. Annual participation fees must:

- 29 (A) be reasonable in amount;
- 30 (B) bear a reasonable relationship to the lender's costs
31 to maintain and monitor the loan account; and
- 32 (C) not be assessed for the purpose of circumvention or
33 evasion of this article, as determined by the department.

34 (4) With respect to a debt secured by an interest in land, the
35 following closing costs, if they are bona fide, reasonable in
36 amount, and not for the purpose of circumvention or evasion
37 of this article:

- 38 (A) Fees for title examination, abstract of title, title
39 insurance, property surveys, or similar purposes.
- 40 (B) Fees for preparing deeds, mortgages, and
41 reconveyance, settlement, and similar documents.
- 42 (C) Notary and credit report fees.

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(D) Amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the loan finance charge.

(E) Appraisal fees.

(5) Notwithstanding provisions of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for other benefits, including insurance, conferred on the debtor, if the benefits are of value to the debtor and if the charges are reasonable in relation to the benefits, and are excluded as permissible additional charges from the loan finance charge. With respect to any other additional charge not specifically provided for in this section to be a permitted charge under this subsection, the creditor must submit a written explanation of the charge to the department indicating how the charge would be assessed and the value or benefit to the debtor. Supporting documents may be required by the department. The department shall determine whether the charge would be of benefit to the debtor and is reasonable in relation to the benefits.

(6) A charge not to exceed twenty-five dollars (\$25) for each returned payment by a bank or other depository institution of a dishonored check, electronic funds transfer, negotiable order of withdrawal, or share draft issued by the debtor.

(7) With respect to a revolving loan account, a fee not to exceed twenty-five dollars (\$25) in each billing cycle during which the balance due under the revolving loan account exceeds by more than one hundred dollars (\$100) the maximum credit limit for the account established by the lender.

(8) With respect to a revolving loan account, a transaction fee that may not exceed the greater of the following:

- (A) Two percent (2%) of the amount of the transaction.**
- (B) Ten dollars (\$10).**

(9) A charge not to exceed twenty-five dollars (\$25) for a skip-a-payment service, subject to the following:

(A) At the time of use of the service, the consumer must be given written notice of the amount of the charge and must acknowledge the amount in writing, including by electronic signature.

(B) A charge for a skip-a-payment service may not be assessed with respect to a consumer loan subject to the provisions on rebate upon prepayment that are set forth

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in section 13 of this chapter.

(C) A charge for a skip-a-payment service may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 6 of this chapter.

(10) A charge not to exceed ten dollars (\$10) for an optional expedited payment service, subject to the following:

(A) The charge may be assessed only upon request by the consumer to use the expedited payment service.

(B) The amount of the charge must be disclosed to the consumer at the time of the consumer's request to use the expedited payment service.

(C) The consumer must be informed that the consumer retains the option to make a payment by traditional means.

(D) The charge may not be established in advance, through any agreement with the consumer, as the expected method of payment.

(E) The charge may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 6 of this chapter.

(11) A charge for a GAP agreement, subject to subsection (c).

(12) With respect to consumer loans made by a person exempt from licensing under section 24(a) of this chapter, a charge for a debt cancellation agreement, subject to the following:

(A) A debt cancellation agreement or debt cancellation coverage may not be required by the lender, and that fact must be disclosed in writing to the consumer.

(B) The charge for the initial term of coverage under the debt cancellation agreement must be disclosed in writing to the consumer. The charge may be disclosed on a unit-cost basis only in the case of revolving loan accounts, closed-end credit transactions if the request for coverage is made by mail or telephone, and closed-end credit transactions if the debt cancellation agreement limits the total amount of indebtedness eligible for coverage.

(C) If the term of coverage under the debt cancellation agreement is less than the term of the consumer loan, the term of coverage under the debt cancellation agreement must be disclosed in writing to the consumer.

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(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 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.

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- 1 (C) Closed-end credit transactions, if the GAP
 2 agreement limits the total amount of indebtedness
 3 eligible for coverage.
 4 (3) If the term of coverage under the GAP agreement is less
 5 than the term of the consumer loan, the term of coverage
 6 under the GAP agreement must be disclosed in writing to the
 7 consumer.
 8 (4) The consumer must sign or initial an affirmative written
 9 request for coverage after receiving all required disclosures.
 10 (5) The GAP agreement must include the following:
 11 (A) In the case of GAP coverage for a new motor
 12 vehicle, the manufacturer's suggested retail price
 13 (MSRP) for the motor vehicle.
 14 (B) In the case of GAP coverage for a used motor
 15 vehicle, the average retail value for the motor vehicle, as
 16 determined by use of a third party valuation service
 17 provider that is customarily relied upon in the used
 18 motor vehicle commercial marketplace.
 19 (C) The name of the financing entity taking assignment
 20 of the agreement, as applicable.
 21 (D) The name and address of the consumer.
 22 (E) The name of the lender selling the agreement.
 23 (F) Information advising the consumer that the
 24 consumer may be able to obtain similar coverage from
 25 the consumer's primary insurance carrier.
 26 (G) A coverage provision that includes a minimum
 27 deductible of five hundred dollars (\$500).
 28 (H) A provision providing for a minimum thirty (30) day
 29 trial period.
 30 (I) In the case of a consumer loan made with respect to
 31 a motor vehicle, a provision excluding the sale of GAP
 32 coverage if the amount financed under the consumer
 33 loan (not including the cost of the GAP agreement, the
 34 cost of any credit insurance, and the cost of any
 35 warranties or service agreements) is less than eighty
 36 percent (80%) of the manufacturer's suggested retail
 37 price (MSRP), in the case of a new motor vehicle, or of
 38 the average retail value (as determined by use of a third
 39 party valuation service provider that is customarily
 40 relied upon in the used motor vehicle commercial
 41 marketplace), in the case of a used motor vehicle.
 42 (J) In the case of a GAP agreement in which the charge



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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, or the seller's assignee, is responsible for making a timely refund to the consumer of unearned GAP agreement charges under the terms and conditions of the GAP agreement.

(7) Upon prepayment in full of the consumer loan:

(A) the GAP coverage is automatically terminated; and

(B) the seller of the GAP agreement must issue a refund in accordance with subdivision (6).

(8) A lender that sells GAP agreements must:

(A) insure its GAP agreement obligations under a contractual liability insurance policy issued by an insurer authorized to engage in the insurance business in Indiana; and

(B) retain appropriate records, as required under this article, regarding GAP agreements sold, refunded, and expired.

Sec. 6. (a) With respect to a consumer loan, refinancing, or consolidation, the parties may contract for a delinquency charge of not more than the following:

(1) Five dollars (\$5) on any installment or minimum payment due that is not paid in full not later than ten (10) days after its scheduled due date, in the case of a consumer loan, refinancing, or consolidation that is made before July 1, 2019. The amount of five dollars (\$5) in this subdivision is

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1 subject to change under IC 37-2-1-5. In addition, the parties
 2 may provide by contract for a delinquency charge that is
 3 subject to change. If the parties provide by contract for a
 4 delinquency charge that is subject to change, the lender shall
 5 disclose in the contract that the amount of the delinquency
 6 charge is subject to change under IC 37-2-1-5 or this section.

7 (2) In the case of a consumer loan, refinancing, or
 8 consolidation that is made after June 30, 2019, the following:

9 (A) Five dollars (\$5) on any installment or minimum
 10 payment due that is not paid in full not later than ten
 11 (10) days after its scheduled due date, if installments
 12 under the consumer loan, refinancing, or consolidation
 13 are due every fourteen (14) days or less. The amount of
 14 five dollars (\$5) in this clause is not subject to change
 15 under IC 37-2-1-5.

16 (B) Twenty-five dollars (\$25) on any installment or
 17 minimum payment due that is not paid in full not later
 18 than ten (10) days after its scheduled due date, if
 19 installments under the consumer loan, refinancing, or
 20 consolidation are due every fifteen (15) days or more.
 21 The amount of twenty-five dollars (\$25) in this clause is
 22 not subject to change under IC 37-2-1-5.

23 (C) Twenty-five dollars (\$25) on any installment or
 24 minimum payment due that is not paid in full not later
 25 than ten (10) days after its scheduled due date, in the
 26 case of a consumer loan, refinancing, or consolidation
 27 that is payable in a single installment that is due at least
 28 thirty (30) days after the consumer loan, refinancing, or
 29 consolidation is made. The amount of twenty-five dollars
 30 (\$25) in this clause is not subject to change under
 31 IC 37-2-1-5.

32 (b) A delinquency charge under this section may be collected
 33 only once on an installment however long it remains in default.
 34 With regard to a delinquency charge on consumer loans made
 35 under a revolving loan account, the delinquency charge may be
 36 applied each month that the payment is less than the minimum
 37 required payment on the account. A delinquency charge may be
 38 collected any time after it accrues. A delinquency charge may not
 39 be collected if:

40 (1) the installment has been deferred and a deferral charge
 41 under section 7 of this chapter has been paid or incurred;

42 (2) a charge for a skip-a-payment service under section



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1 **5(a)(9) of this chapter has been paid or incurred, as provided**
 2 **in section 5(a)(9)(C) of this chapter; or**
 3 **(3) a charge for an optional expedited payment service under**
 4 **section 5(a)(10) of this chapter has been paid or incurred, as**
 5 **provided in section 5(a)(10)(E) of this chapter.**

6 **(c) A creditor may not, directly or indirectly, charge or collect**
 7 **a delinquency charge on a payment that:**

8 **(1) is paid not later than ten (10) days after its scheduled due**
 9 **date; and**

10 **(2) is otherwise a full payment of the payment due for the**
 11 **applicable installment period;**

12 **if the only delinquency with respect to the consumer loan,**
 13 **refinancing, or consolidation is attributable to a delinquency**
 14 **charge assessed on an earlier installment.**

15 **(d) If two (2) or more installments, or parts of two (2) or more**
 16 **installments, of a precomputed loan are in default for ten (10) days**
 17 **or more, the lender may elect to convert the loan from a**
 18 **precomputed loan to a loan in which the finance charge is based on**
 19 **unpaid balances. A lender that makes this election shall make a**
 20 **rebate under the provisions on rebates upon prepayment set forth**
 21 **in section 13 of this chapter as of the maturity date of the first**
 22 **delinquent installment, and thereafter may make a loan finance**
 23 **charge as authorized by the provisions on loan finance charges for**
 24 **consumer loans (section 4 of this chapter) or supervised loans**
 25 **(section 35 of this chapter). The amount of the rebate shall not be**
 26 **reduced by the amount of any permitted minimum charge under**
 27 **section 13 of this chapter. Any deferral charges made on**
 28 **installments due at or after the maturity date of the first delinquent**
 29 **installment shall be rebated, and no further deferral charges shall**
 30 **be made.**

31 **Sec. 7. (a) This section applies only to a consumer loan,**
 32 **refinancing, or consolidation, that is entered into before July 1,**
 33 **2020. With respect to a precomputed consumer loan, refinancing,**
 34 **or consolidation, the parties before or after default may agree in**
 35 **writing to a deferral of all or part of one (1) or more unpaid**
 36 **installments, and the lender may make and collect a charge not**
 37 **exceeding the lesser of thirty-six percent (36%) per year or the rate**
 38 **previously stated to the debtor pursuant to section 14 of this**
 39 **chapter applied to the amount or amounts deferred for the period**
 40 **of deferral calculated without regard to difference in the lengths of**
 41 **months, but proportionally for a part of a month, counting each**
 42 **day as one-thirtieth (1/30) of a month. A deferral charge may be**



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1 collected at the time it is assessed or at any time thereafter.

2 (b) The lender, in addition to the deferral charge, may make
3 appropriate additional charges under section 5 of this chapter, and
4 the amount of these charges which is not paid in cash may be added
5 to the amount deferred for the purpose of calculating the deferral
6 charge.

7 (c) The parties may agree in writing at the time of a
8 precomputed consumer loan, refinancing, or consolidation that if
9 an installment is not paid within ten (10) days after its due date, the
10 lender may unilaterally grant a deferral and make charges as
11 provided in this section. No deferral charge may be made for a
12 period after the date that the lender elects to accelerate the
13 maturity of the agreement.

14 (d) A delinquency charge made by the lender on an installment
15 may not be retained if a deferral charge is made pursuant to this
16 section with respect to the period of delinquency.

17 Sec. 8. With respect to a consumer loan, refinancing, or
18 consolidation, the lender may by agreement with the debtor
19 refinance the unpaid balance and may contract for and receive a
20 loan finance charge based on the principal resulting from the
21 refinancing at a rate not exceeding that permitted by the provisions
22 on a loan finance charge for consumer loans (section 4 of this
23 chapter) or the provisions on a loan finance charge for supervised
24 loans (section 35 of this chapter), whichever is appropriate. For the
25 purpose of determining the loan finance charge permitted, the
26 principal resulting from the refinancing comprises the following:

27 (1) If:

28 (A) the transaction was not precomputed, the total of the
29 unpaid balance and the accrued charges on the date of
30 the refinancing; or

31 (B) the transaction was precomputed, in the case of a
32 transaction entered into before July 1, 2020, the amount
33 which the debtor would have been required to pay upon
34 prepayment pursuant to the provisions on rebate upon
35 prepayment under section 13 of this chapter on the date
36 of refinancing.

37 (2) Appropriate additional charges under section 5 of this
38 chapter, payment of which is deferred.

39 Sec. 9. (a) If a debtor owes an unpaid balance to a lender with
40 respect to a consumer loan, refinancing, or consolidation, and
41 becomes obligated on another consumer loan, refinancing, or
42 consolidation with the same lender, the parties may agree to a



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1 consolidation resulting in a single schedule of payments. If the
 2 previous consumer loan, refinancing, or consolidation was not
 3 precomputed, the parties may agree to add the unpaid amount of
 4 principal and accrued charges on the date of consolidation to the
 5 principal with respect to the subsequent loan. If the previous
 6 consumer loan, refinancing, or consolidation was precomputed, in
 7 the case of a transaction entered into before July 1, 2020, the
 8 parties may agree to refinance the unpaid balance pursuant to the
 9 provisions on refinancing set forth in section 8 of this chapter and
 10 to consolidate the principal resulting from the refinancing by
 11 adding it to the principal with respect to the subsequent loan. In
 12 either case the lender may contract for and receive a loan finance
 13 charge based on the aggregate principal resulting from the
 14 consolidation at a rate not in excess of that permitted by the
 15 provisions on loan finance charge for consumer loans (section 4 of
 16 this chapter) or the provisions on loan finance charge for
 17 supervised loans (section 35 of this chapter), whichever is
 18 appropriate.

19 (b) The parties may agree to consolidate the unpaid balance of
 20 a consumer loan with the unpaid balance of a consumer credit sale.
 21 The parties may agree to refinance the previous unpaid balance
 22 pursuant to the provisions on refinancing sales set forth in
 23 IC 37-2-3-8 or the provisions on refinancing loans set forth in
 24 section 8 of this chapter, whichever is appropriate, and to
 25 consolidate the amount financed resulting from the refinancing or
 26 the principal resulting from the refinancing by adding it to the
 27 amount financed or principal with respect to the subsequent sale
 28 or loan. The aggregate amount resulting from the consolidation
 29 shall be deemed principal, and the creditor may contract for and
 30 receive a loan finance charge based on the principal at a rate not
 31 in excess of that permitted by the provisions on loan finance charge
 32 for consumer loans set forth in section 4 of this chapter or the
 33 provisions on loan finance charge for supervised loans set forth in
 34 section 35 of this chapter, whichever is appropriate.

35 Sec. 10. The parties may agree to add to a revolving loan
 36 account the unpaid balance of a consumer loan, not made pursuant
 37 to a revolving loan account, or a refinancing, or consolidation
 38 thereof, or the unpaid balance of a consumer credit sale,
 39 refinancing or consolidation. For the purpose of this section:

40 (1) the unpaid balance of a consumer loan, refinancing, or
 41 consolidation is an amount equal to the principal determined
 42 according to the provisions on refinancing set forth in section



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1 **8 of this chapter; and**

2 **(2) the unpaid balance of a consumer credit sale, refinancing,**
 3 **or consolidation is an amount equal to the amount financed**
 4 **determined according to the provisions on refinancing set**
 5 **forth in IC 37-2-3-8.**

6 **Sec. 11. (a) If the agreement with respect to a consumer loan,**
 7 **refinancing, or consolidation contains covenants by the debtor to**
 8 **perform certain duties pertaining to insuring or preserving**
 9 **collateral and if the lender pursuant to the agreement pays for**
 10 **performance of the duties on behalf of the debtor, the lender may**
 11 **add the amounts paid to the debt. Within a reasonable time after**
 12 **advancing any sums, the lender shall state to the debtor in writing**
 13 **the amount of the sums advanced, any charges with respect to this**
 14 **amount, and any revised payment schedule and, if the duties of the**
 15 **debtor performed by the lender pertain to insurance, a brief**
 16 **description of the insurance paid for by the lender including the**
 17 **type and amount of coverages. No further information need be**
 18 **given.**

19 **(b) A loan finance charge may be made for sums advanced**
 20 **pursuant to subsection (a) at a rate not exceeding the rate stated to**
 21 **the debtor pursuant to section 14 of this chapter with respect to the**
 22 **loan, refinancing, or consolidation, except that with respect to a**
 23 **revolving loan account the amount of the advance may be added to**
 24 **the unpaid balance of the debt and the lender may make a loan**
 25 **finance charge not exceeding that permitted by the provisions on**
 26 **loan finance charge for consumer loans set forth in section 4 of this**
 27 **chapter or for supervised loans set forth in section 35 of this**
 28 **chapter, whichever is appropriate.**

29 **Sec. 12. (a) Subject to the provisions on rebate upon**
 30 **prepayment set forth in section 13 of this chapter, the debtor may**
 31 **prepay in full the unpaid balance of a consumer loan, refinancing,**
 32 **or consolidation at any time without penalty. With respect to a**
 33 **consumer loan that is primarily secured by an interest in land, a**
 34 **lender may contract for a penalty for prepayment of the loan in**
 35 **full, not to exceed two percent (2%) of any amount prepaid within**
 36 **sixty (60) days of the date of the prepayment in full, after deducting**
 37 **all refunds and rebates as of the date of the prepayment. However,**
 38 **the penalty may not be imposed:**

39 **(1) if the loan is refinanced or consolidated with the same**
 40 **creditor;**

41 **(2) for prepayment by proceeds of any insurance or**
 42 **acceleration after default; or**



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1 (3) after three (3) years from the contract date.

2 For purposes of this section, the collection of the amount of any
3 conditionally waived closing costs (as allowed under section 5 of
4 this chapter) by a creditor, as stipulated in the loan agreement, at
5 the time of prepayment in full does not constitute a prepayment
6 penalty and is not subject to the limitations set forth in this
7 subsection.

8 (b) At the time of prepayment of a consumer loan not subject
9 to the provisions of rebate upon prepayment set forth in section 13
10 of this chapter, the total finance charge, including the prepaid
11 finance charge but excluding the nonrefundable prepaid finance
12 charge allowed under section 4(i) or section 35(h) of this chapter,
13 as applicable, may not exceed the maximum charge allowed under
14 this chapter for the period the loan was in effect. For the purposes
15 of determining compliance with this subsection, the total finance
16 charge does not include the following:

17 (1) The nonrefundable prepaid finance charge allowed under
18 section 4(i) or section 35(h) of this chapter, as applicable.

19 (2) The debtor paid mortgage broker fee, if any, paid to a
20 person who does not control, is not controlled by, or is not
21 under common control with, the creditor holding the loan at
22 the time a consumer loan is prepaid.

23 (c) The creditor or mortgage servicer shall provide, in writing,
24 an accurate payoff amount for the consumer loan to the debtor
25 within seven (7) business days (excluding legal public holidays,
26 Saturdays, and Sundays) after the creditor or mortgage servicer
27 receives the debtor's written request for the accurate consumer
28 loan payoff amount. A payoff statement provided by a creditor or
29 mortgage servicer under this subsection must show the date the
30 statement was prepared and itemize the unpaid principal balance
31 and each fee, charge, or other sum included within the payoff
32 amount. A creditor or mortgage servicer who fails to provide the
33 accurate consumer loan payoff amount is liable for:

34 (1) one hundred dollars (\$100) if an accurate consumer loan
35 payoff amount is not provided by the creditor or mortgage
36 servicer within seven (7) business days (excluding legal
37 public holidays, Saturdays, and Sundays) after the creditor
38 or mortgage servicer receives the debtor's first written
39 request; and

40 (2) the greater of:

41 (A) one hundred dollars (\$100); or

42 (B) the loan finance charge that accrues on the loan



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1 from the date the creditor or mortgage servicer receives
 2 the first written request until the date on which the
 3 accurate consumer loan payoff amount is provided;
 4 if an accurate consumer loan payoff amount is not provided
 5 by the creditor or mortgage servicer within seven (7)
 6 business days (excluding legal public holidays, Saturdays,
 7 and Sundays) after the creditor or mortgage servicer
 8 receives the debtor's second written request, and the creditor
 9 or mortgage servicer failed to comply with subdivision (1).

10 A liability under this subsection is an excess charge under
 11 IC 37-2-6-9.

12 (d) As used in this subsection, "mortgage transaction" means
 13 a consumer loan in which a mortgage or a land contract (or
 14 another consensual security interest equivalent to a mortgage or a
 15 land contract) that constitutes a lien is created or retained against
 16 land upon which there is constructed or intended to be constructed
 17 a dwelling that is or will be used by the debtor primarily for
 18 personal, family, or household purposes. This subsection applies to
 19 a mortgage transaction with respect to which any installment or
 20 minimum payment due is delinquent for at least sixty (60) days.
 21 The creditor, servicer, or the creditor's agent shall acknowledge a
 22 written offer made in connection with a proposed short sale not
 23 later than five (5) business days (excluding legal public holidays,
 24 Saturdays, and Sundays) after the date of the offer if the offer
 25 complies with the requirements for a qualified written request set
 26 forth in 12 U.S.C. 2605(e)(1)(B). The creditor, servicer, or
 27 creditor's agent is required to acknowledge a written offer made
 28 in connection with a proposed short sale from a third party acting
 29 on behalf of the debtor only if the debtor has provided written
 30 authorization for the creditor, servicer, or creditor's agent to do so.
 31 Not later than thirty (30) business days (excluding legal public
 32 holidays, Saturdays, and Sundays) after receipt of an offer under
 33 this subsection, the creditor, servicer, or creditor's agent shall
 34 respond to the offer with an acceptance or a rejection of the offer.
 35 The thirty (30) day period described in this subsection may be
 36 extended for not more than fifteen (15) business days (excluding
 37 legal public holidays, Saturdays, and Sundays) if, before the end of
 38 the thirty (30) day period, the creditor, the servicer, or the
 39 creditor's agent notifies the debtor of the extension and the reason
 40 the extension is needed. Payment accepted by a creditor, servicer,
 41 or creditor's agent in connection with a short sale constitutes
 42 payment in full satisfaction of the mortgage transaction unless the

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1 creditor, servicer, or creditor's agent obtains either:

2 (1) a statement that: "The debtor remains liable for any
3 amount still owed under the mortgage transaction."; or

4 (2) a statement substantially similar to the statement set
5 forth in subdivision (1);

6 acknowledged by the initials or signature of the debtor, on or
7 before the date on which the short sale payment is accepted. As
8 used in this subsection, "short sale" means a transaction in which
9 the property that is the subject of a mortgage transaction is sold
10 for an amount that is less than the amount of the debtor's
11 outstanding obligation under the mortgage transaction. A creditor
12 or mortgage servicer that fails to respond to an offer within the
13 time prescribed by this subsection is liable in accordance with 12
14 U.S.C. 2605(f) in any action brought under that section.

15 (e) This section is not intended to provide the owner of real
16 estate subject to the issuance of process under a judgment or
17 decree of foreclosure any protection or defense against a deficiency
18 judgment for purposes of the borrower protections from liability
19 that must be disclosed under 12 CFR 1026.38(p)(3) on the form
20 required by 12 CFR 1026.38 ("Closing Disclosures" form under
21 the Amendments to the 2013 Integrated Mortgage Disclosures Rule
22 Under the Real Estate Settlement Procedures Act (Regulation X)
23 and the Truth In Lending Act (Regulation Z) and the 2013 Loan
24 Originator Rule Under the Truth in Lending Act (Regulation Z)).

25 Sec. 13. (a) Except for subsections (b) and (i), this section
26 applies only to a loan agreement entered into before July 1, 2020.
27 Except as provided in subsection (b), upon prepayment in full of
28 the unpaid balance of a precomputed consumer loan, refinancing,
29 or consolidation, an amount not less than the unearned portion of
30 the loan finance charge calculated according to this section shall be
31 rebated to the debtor. If the rebate otherwise required is less than
32 one dollar (\$1), no rebate need be made.

33 (b) Upon prepayment in full of a consumer loan, refinancing,
34 or consolidation, other than one under a revolving loan account, if
35 the loan finance charge earned is less than any permitted minimum
36 loan finance charge under section 4(g) or 35(g) of this chapter
37 contracted for, whether or not the consumer loan, refinancing, or
38 consolidation is precomputed, the lender may collect or retain the
39 minimum loan finance charge, as if earned, not exceeding the loan
40 finance charge contracted for.

41 (c) The unearned portion of the loan finance charge is a
42 fraction of the loan finance charge of which the numerator is the



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1 sum of the periodic balances scheduled to follow the computational
 2 period in which prepayment occurs, and the denominator is the
 3 sum of all periodic balances under either the loan agreement or, if
 4 the balance owing resulted from a refinancing under section 8 of
 5 this chapter or a consolidation under section 9 of this chapter,
 6 under the refinancing agreement or consolidation agreement.

7 (d) In this section:

8 (1) "periodic balance" means the amount scheduled to be
 9 outstanding on the last day of a computational period before
 10 deducting the payment, if any, scheduled to be made on that
 11 day;

12 (2) "computation period" means one (1) month if one-half
 13 (1/2) or more of the intervals between scheduled payments
 14 under the agreement is one (1) month or more, and otherwise
 15 means one (1) week;

16 (3) the "interval" to the due date of the first scheduled
 17 installment or the final scheduled payment date is measured
 18 from the date of a loan, refinancing, or consolidation, and
 19 includes either the first or last day of the interval; and

20 (4) if the interval to the due date of the first scheduled
 21 installment does not exceed one (1) month by more than
 22 fifteen (15) days when the computational period is one (1)
 23 month, or eleven (11) days when the computational period is
 24 one (1) week, the interval shall be considered as one (1)
 25 computational period.

26 (e) This subsection applies only if the schedule of payments is
 27 not regular.

28 (1) If the computational period is one (1) month and:

29 (A) if the number of days in the interval to the due date
 30 of the first scheduled installment is less than one (1)
 31 month by more than five (5) days, or more than one (1)
 32 month by more than five (5) but not more than fifteen
 33 (15) days, the unearned loan finance charge shall be
 34 increased by an adjustment for each day by which the
 35 interval is less than one (1) month and, at the option of
 36 the lender, may be reduced by an adjustment for each
 37 day by which the interval is more than one (1) month;
 38 the adjustment for each day shall be one-thirtieth (1/30)
 39 of that part of the loan finance charge earned in the
 40 computational period prior to the due date of the first
 41 scheduled installment assuming that period to be one (1)
 42 month; and



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1 (B) if the interval to the final scheduled payment date is
 2 a number of computational periods plus an additional
 3 number of days less than a full month, the additional
 4 number of days shall be considered a computational
 5 period only if sixteen (16) days or more. This clause
 6 applies whether or not clause (A) applies.

7 (2) Notwithstanding subdivision (1), if the computational
 8 period is one (1) month, the number of days in the interval to
 9 the due date of the first installment exceeds one (1) month by
 10 not more than fifteen (15) days, and the schedule of
 11 payments is otherwise regular, the lender, at the lender's
 12 option, may exclude the extra days and the charge for the
 13 extra days in computing the unearned loan finance charge;
 14 but if the lender does so and a rebate is required before the
 15 due date of the first scheduled installment, the lender shall
 16 compute the earned charge for each elapsed day as
 17 one-thirtieth (1/30) of the amount the earned charge would
 18 have been if the first interval had been one (1) month.

19 (3) If the computational period is one (1) week and:

20 (A) if the number of days in the interval to the due date
 21 of the first scheduled installment is less than five (5)
 22 days, or more than nine (9) days, but not more than
 23 eleven (11) days, the unearned loan finance charge shall
 24 be increased by an adjustment for each day by which the
 25 interval is less than seven (7) days and, at the option of
 26 the lender, may be reduced by an adjustment for each
 27 day by which the interval is more than seven (7) days;
 28 the adjustment for each day shall be one-seventh (1/7) of
 29 that part of the loan finance charge earned in the
 30 computational period prior to the due date of the first
 31 scheduled installment, assuming that period to be one
 32 (1) week; and

33 (B) if the interval to the final scheduled payment date is
 34 a number of computational periods plus an additional
 35 number of days less than a full week, the additional
 36 number of days shall be considered a computational
 37 period only if five (5) days or more. This clause applies
 38 whether or not clause (A) applies.

39 (f) If a deferral has been agreed to under section 7 of this
 40 chapter, the unearned portion of the loan finance charge shall be
 41 computed without regard to the deferral. The amount of deferral
 42 charge earned at the date of prepayment shall also be calculated.



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1 If the deferral charge earned is less than the deferral charge paid,
 2 the difference shall be added to the unearned portion of the loan
 3 finance charge. If any part of a deferral charge has been earned
 4 but has not been paid, that part shall be subtracted from the
 5 unearned portion of the loan finance charge or shall be added to
 6 the unpaid balance.

7 (g) This section does not preclude the collection or retention by
 8 the lender of delinquency charges under section 6 of this chapter.

9 (h) If the maturity is accelerated for any reason and judgment
 10 is obtained, the debtor is entitled to the same rebate as if payment
 11 had been made on the date judgment is entered.

12 (i) Upon prepayment in full of a consumer loan by the
 13 proceeds of consumer credit insurance, the debtor or the debtor's
 14 estate shall pay the same loan finance charge or receive the same
 15 rebate as though the debtor had prepaid the agreement on the date
 16 the proceeds of the insurance are paid to the lender, but no later
 17 than ten (10) business days after satisfactory proof of loss is
 18 furnished to the lender. This subsection applies whether or not the
 19 loan is precomputed.

20 (j) Upon prepayment in full of a transaction with a term of
 21 more than sixty-one (61) months, the unearned loan finance charge
 22 shall be computed by applying the disclosed annual percentage rate
 23 that would yield the loan finance charge originally contracted for
 24 to the unpaid balances of the amount financed for the full
 25 computational periods following the prepayment, as originally
 26 scheduled or as deferred.

27 Sec. 14. (a) For the purposes of this section, "consumer loan"
 28 includes a loan that is a first lien mortgage transaction if the loan
 29 is otherwise a consumer loan.

30 (b) The lender shall disclose to the debtor to whom credit is
 31 extended with respect to a consumer loan the information required
 32 by the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

33 (c) For purposes of subsection (b), disclosures shall not be
 34 required on a consumer loan if the transaction is exempt from the
 35 Consumer Credit Protection Act (15 U.S.C. 1601 et seq.).

36 Sec. 15. (a) This section does not apply to a first lien mortgage
 37 transaction.

38 (b) Except as provided in IC 37-5-4-3 with respect to a high
 39 cost home loan (as defined in IC 37-5-2-8), with respect to a
 40 consumer loan, other than one pursuant to a revolving loan
 41 account or one on which only loan finance charges are payable
 42 prior to the time that the final scheduled payment is due, if any



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1 scheduled payment is more than twice as large as the average of
 2 earlier scheduled payments, the debtor has the right to refinance
 3 the amount of that payment at the time it is due without penalty.
 4 The terms of the refinancing shall be no less favorable to the
 5 debtor than the terms of the original loan. This section does not
 6 apply to the extent that the payment schedule is adjusted to the
 7 seasonal or irregular income of the debtor.

8 (c) For the purposes of this section, "terms of the refinancing"
 9 means:

10 (1) in the case of a fixed-rate consumer loan, the individual
 11 payment amounts, the charges as a result of default by the
 12 debtor, and the rate of the loan finance charge; and

13 (2) in the case of a variable rate consumer loan, the method
 14 used to determine the individual payment amounts, the
 15 charges as a result of default by the debtor, the method used
 16 to determine the rate of the loan finance charge, the
 17 circumstances under which the rate of the loan finance
 18 charge may increase, and any limitations on the increase in
 19 the rate of the loan finance charge.

20 (d) If a consumer loan is made under the authority of the
 21 Alternative Mortgage Transaction Parity Act (12 U.S.C. 3802 et
 22 seq.), the note evidencing the mortgage must contain a reference to
 23 the applicable federal law.

24 Sec. 16. (a) A lender may not take an assignment of earnings
 25 of the debtor for payment or as security for payment of a debt
 26 arising out of a consumer loan or otherwise. An assignment of
 27 earnings in violation of this section is unenforceable by the assignee
 28 of the earnings and revocable by the debtor. This section does not
 29 prohibit an employee from authorizing deductions from his
 30 earnings if the authorization is revocable and is otherwise
 31 permitted by law.

32 (b) A sale of unpaid earnings made in consideration of the
 33 payment of money to or for the account of the seller of the earnings
 34 is deemed to be a loan to the seller secured by an assignment of
 35 earnings.

36 Sec. 17. With respect to a consumer loan the agreement may
 37 provide for the payment by the debtor of reasonable attorney's fees
 38 after default and referral to an attorney not a salaried employee of
 39 the lender. A provision in violation of this section is unenforceable.

40 Sec. 18. Except for reasonable expenses incurred in realizing
 41 on a security interest, the agreement with respect to a consumer
 42 loan may not provide for charges as a result of default by the



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1 debtor other than those authorized by this article. A provision in
2 violation of this section is unenforceable.

3 **Sec. 19.** The debtor is authorized to pay the original lender
4 until the debtor receives notification of assignment of rights to
5 payment pursuant to a consumer loan and that payment is to be
6 made to the assignee. A notification which does not reasonably
7 identify the rights assigned is ineffective. If requested by the
8 debtor, the assignee must seasonably furnish reasonable proof that
9 the assignment has been made and unless the assignee does so the
10 debtor may pay the original lender.

11 **Sec. 20.** A debtor may not authorize any person to confess
12 judgment on a claim arising out of a consumer loan. An
13 authorization in violation of this section is void.

14 **Sec. 21. (a)** This section applies to consumer loans, including
15 revolving loan accounts.

16 (b) Except as provided in subsection (c), a creditor shall credit
17 a payment to a consumer's account as of the date of receipt, except
18 when a delay in crediting does not result in a finance charge or
19 other charge, including a delinquency charge under section 6 of
20 this chapter. A delay in posting does not violate this section so long
21 as the payment is credited as of the date of receipt.

22 (c) If a creditor specifies in writing requirements for the
23 consumer to follow in making payments, but accepts a payment
24 that does not conform to the requirements, the creditor shall credit
25 the payment within five (5) days of receipt of the payment.

26 (d) If a creditor fails to credit a payment as required by this
27 section in time to avoid the imposition of a finance or other charge,
28 including a delinquency charge, the creditor shall adjust the
29 consumer's account so that the charges imposed are credited to the
30 consumer's account during the next payment period.

31 **Sec. 22. (a)** If a person licensed or required to be licensed
32 under section 24 of this chapter also engages in activities of a loan
33 broker described in IC 23-2.5, the activities of a loan broker are
34 subject to the following sections of the Indiana Code and any rules
35 adopted to implement these sections:

- 36 (1) IC 23-2.5-8-1, except for IC 23-2.5-8-1(b)(2).
37 (2) IC 23-2.5-8-2.
38 (3) IC 23-2.5-11-15(b) and IC 23-2.5-11-15(c).
39 (4) IC 23-2.5-11-17.
40 (5) IC 23-2.5-8-3.
41 (6) IC 23-2.5-8-4 through IC 23-2.5-8-9.
42 (7) IC 23-2.5-8-10.



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- 1 **(8) IC 23-2.5-10-1.**
 2 **(9) IC 23-2.5-9-1.**
 3 **(10) IC 23-2.5-11-16.**
 4 **(b) Loan broker business transactions engaged in by persons**
 5 **licensed or required to be licensed under section 24 of this chapter**
 6 **are subject to examination by the department and to the**
 7 **examination fees described in section 26(h)(2) of this chapter. The**
 8 **department may cooperate with the securities division of the office**
 9 **of the secretary of state in the department's examination of loan**
 10 **broker business transactions and may use the securities division's**
 11 **examiners to conduct examinations.**

12 **Sec. 23. (a) A person that is a:**
 13 **(1) depository institution;**
 14 **(2) subsidiary that is owned and controlled by a depository**
 15 **institution and regulated by a federal banking agency; or**
 16 **(3) credit union service organization;**
 17 **may engage in Indiana in the making of consumer loans (including**
 18 **small loans that are subject to IC 37-3) that are not mortgage**
 19 **transactions without obtaining a license under this article.**

20 **(b) A collection agency licensed under IC 25-11-1 may engage**
 21 **in:**
 22 **(1) taking assignments of consumer loans (including small**
 23 **loans that are subject to IC 37-3) that are not mortgage**
 24 **transactions; and**
 25 **(2) undertaking the direct collection of payments from or the**
 26 **enforcement of rights against debtors arising from consumer**
 27 **loans (including small loans that are subject to IC 37-3) that**
 28 **are not mortgage transactions;**

29 **in Indiana without obtaining a license under this article.**
 30 **(c) A person that does not qualify under subsection (a) or (b)**
 31 **shall acquire and retain a license under this chapter in order to**
 32 **regularly engage in Indiana in the following actions with respect to**
 33 **consumer loans that are not small loans (as defined in IC 37-3-2)**
 34 **or mortgage transactions:**

35 **(1) The making of consumer loans.**
 36 **(2) Taking assignments of consumer loans.**
 37 **(3) Undertaking the direct collection of payments from or the**
 38 **enforcement of rights against debtors arising from consumer**
 39 **loans.**

40 **(d) A separate license under this chapter is required for each**
 41 **legal entity that engages in Indiana in any activity described in**
 42 **subsection (c). However, a separate license under this chapter is**



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1 not required for each branch of a legal entity licensed under this
2 chapter to perform an activity described in subsection (c).

3 (e) Except as otherwise provided in subsections (a) and (b), a
4 separate license under IC 37-3 is required in order to regularly
5 engage in Indiana in the following actions with respect to small
6 loans (as defined in IC 37-3-2):

7 (1) The making of small loans (as defined in IC 37-3-2).

8 (2) Taking assignments of small loans (as defined in
9 IC 37-3-2).

10 (3) Undertaking the direct collection of payments from or the
11 enforcement of rights against debtors arising from small
12 loans (as defined in IC 37-3-2).

13 A person that seeks licensure under IC 37-3 in order to regularly
14 engage in Indiana in the actions set forth in this subsection shall
15 apply to the department for that license in the form and manner
16 prescribed by the department, and is subject to the same licensure
17 requirements and procedures as an applicant for a license to make
18 consumer loans (other than small loans or mortgage transactions)
19 under this section.

20 Sec. 24. (a) A person that is a:

21 (1) depository institution;

22 (2) subsidiary that is owned and controlled by a depository
23 institution and regulated by a federal banking agency; or

24 (3) credit union service organization;

25 may engage in Indiana in the making of subordinate lien mortgage
26 transactions without obtaining a mortgage license issued by the
27 department.

28 (b) A collection agency licensed under IC 25-11-1 or an
29 institution regulated by the Farm Credit Administration may
30 engage in:

31 (1) taking assignments of subordinate lien mortgage
32 transactions; and

33 (2) undertaking the direct collection of payments from or the
34 enforcement of rights against debtors arising from
35 subordinate lien mortgage transactions;

36 in Indiana without obtaining a mortgage license issued by the
37 department.

38 (c) A person that is not otherwise exempt under subsection (a)
39 or (b) shall acquire and retain a mortgage license issued by the
40 department in order to regularly engage in Indiana in the following
41 actions with respect to subordinate lien mortgage transactions:

42 (1) The making of subordinate lien mortgage loans.



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- 1 (2) Taking assignments of subordinate lien mortgage loans.
 2 (3) Undertaking the direct collection of payments from or the
 3 enforcement of rights against debtors arising from
 4 subordinate lien mortgage loans.
 5 (d) Each:
 6 (1) creditor licensed by the department to engage in
 7 subordinate lien mortgage transactions; and
 8 (2) person that is exempt (either under this article or under
 9 IC 37-1-1-6(8)) from licensing and that:
 10 (A) employs a licensed mortgage loan originator; or
 11 (B) sponsors a licensed mortgage loan originator as
 12 permitted by IC 37-1-1-6(8) or by 750 IAC 9;
 13 shall register with and maintain a valid unique identifier issued by
 14 the NMLSR. Each licensed mortgage loan originator must be
 15 employed by, or sponsored as permitted by IC 37-1-1-6(8) or by
 16 750 IAC 9, and associated with, a licensed creditor (or an exempt
 17 person described under subdivision (2)) that is registered with the
 18 NMLSR.
 19 (e) Applicants for a mortgage license must apply to the
 20 department for the license in a form prescribed by the director.
 21 Each form:
 22 (1) must contain content as set forth by rule, instruction, or
 23 procedure of the director; and
 24 (2) may be changed or updated as necessary by the director
 25 to carry out the purposes of this article.
 26 (f) To fulfill the purposes of this article, the director may
 27 establish relationships or contracts with the NMLSR or other
 28 entities designated by the NMLSR to:
 29 (1) collect and maintain records; and
 30 (2) process transaction fees or other fees;
 31 related to licensees or other persons subject to this article.
 32 (g) For the purpose of participating in the NMLSR, the
 33 director or the department may:
 34 (1) waive or modify, in whole or in part, by rule, regulation,
 35 or order, any or all of the requirements of this article; and
 36 (2) establish new requirements as reasonably necessary to
 37 participate in the NMLSR.
 38 Sec. 25. (a) Subject to subsection (f), the director may
 39 designate the NMLSR to serve as the sole entity responsible for:
 40 (1) processing applications and renewals for licenses
 41 required under section 23 of this chapter;
 42 (2) issuing unique identifiers for licensees and entities exempt



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- 1 from licensing under section 23 of this chapter; and
 2 (3) performing other services that the director determines
 3 are necessary for the orderly administration of the
 4 department's licensing system under section 23 of this
 5 chapter.
- 6 (b) Subject to the confidentiality provisions contained in
 7 IC 5-14-3, this section, and IC 28-1-2-30, the director may
 8 regularly report to the NMLSR significant or recurring violations
 9 of this article related to consumer loans that are not mortgage
 10 transactions, including small loans under IC 37-3.
- 11 (c) Subject to the confidentiality provisions contained in
 12 IC 5-14-3, this section, and IC 28-1-2-30, the director may report
 13 to the NMLSR complaints received regarding licensees under
 14 section 23 of this chapter in connection with consumer loans that
 15 are not mortgage transactions, including small loans under
 16 IC 37-3.
- 17 (d) The director may report to the NMLSR publicly
 18 adjudicated licensure actions against licensees under section 23 of
 19 this chapter.
- 20 (e) The director shall establish a process in which persons
 21 licensed in accordance with section 23 of this chapter may
 22 challenge information reported to the NMLSR by the department.
- 23 (f) The director's authority to designate the NMLSR under
 24 subsection (a) is subject to the following:
- 25 (1) Information stored in the NMLSR is subject to the
 26 confidentiality provisions of IC 28-1-2-30 and IC 5-14-3. A
 27 person may not:
- 28 (A) obtain information from the NMLSR unless the
 29 person is authorized to do so by statute;
- 30 (B) initiate any civil action based on information
 31 obtained from the NMLSR if the information is not
 32 otherwise available to the person under any other state
 33 law; or
- 34 (C) initiate any civil action based on information
 35 obtained from the NMLSR if the person could not have
 36 initiated the action based on information otherwise
 37 available to the person under any other state law.
- 38 (2) Documents, materials, and other forms of information in
 39 the control or possession of the NMLSR that are confidential
 40 under IC 28-1-2-30 and that are:
- 41 (A) furnished by the director, the director's designee, or
 42 a licensee; or

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1 **(B) otherwise obtained by the NMLSR;**
 2 **are confidential and privileged by law and are not subject to**
 3 **inspection under IC 5-14-3, subject to subpoena, subject to**
 4 **discovery, or admissible in evidence in any civil action.**
 5 **However, the director may use the documents, materials, or**
 6 **other information available to the director in furtherance of**
 7 **any action brought in connection with the director's duties**
 8 **under this article.**

9 **(3) Disclosure of documents, materials, and information:**

10 **(A) to the director; or**

11 **(B) by the director;**

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

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

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

19 **(A) obtain information;**

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

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

24 **if the information may be obtained from the director or the**
 25 **director's designee under any law.**

26 **(6) The requirements under any federal law or IC 5-14-3**
 27 **regarding the privacy or confidentiality of any information**
 28 **or material provided to the NMLSR, and any privilege**
 29 **arising under federal or state law, including the rules of any**
 30 **federal or state court, with respect to the information or**
 31 **material, continue to apply to the information or material**
 32 **after the information or material has been disclosed to the**
 33 **NMLSR. The information and material may be shared with**
 34 **all state and federal regulatory officials with financial**
 35 **services industry oversight authority without the loss of**
 36 **privilege or the loss of confidentiality protections provided**
 37 **by federal law or IC 5-14-3.**

38 **(7) For purposes of this section, the director may enter**
 39 **agreements or sharing arrangements with other**
 40 **governmental agencies, the Conference of State Bank**
 41 **Supervisors, or other associations representing**
 42 **governmental agencies as established by rule or order of the**



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- 1 director.
- 2 **(8) Information or material that is subject to a privilege or**
- 3 **confidentiality under subdivision (6) is not subject to:**
- 4 **(A) disclosure under any federal or state law governing**
- 5 **the disclosure to the public of information held by an**
- 6 **officer or an agency of the federal government or the**
- 7 **respective state; or**
- 8 **(B) subpoena, discovery, or admission into evidence, in**
- 9 **any private civil action or administrative process, unless**
- 10 **with respect to any privileged information or material**
- 11 **held by the NMLSR, the person to whom the**
- 12 **information or material pertains waives, in whole or in**
- 13 **part, in the discretion of the person, that privilege.**
- 14 **(9) Any provision of IC 5-14-3 that concerns the disclosure**
- 15 **of:**
- 16 **(A) confidential supervisory information; or**
- 17 **(B) any information or material described in subdivision**
- 18 **(6);**
- 19 **and that is inconsistent with subdivision (6) is superseded by**
- 20 **this section.**
- 21 **(10) This section does not apply with respect to information**
- 22 **or material that concerns the employment history of, and**
- 23 **publicly adjudicated disciplinary and enforcement actions**
- 24 **against, a person licensed in accordance with section 23 of**
- 25 **this chapter and described in section 26(b) of this chapter**
- 26 **and that is included in the NMLSR for access by the public.**
- 27 **(11) The director may require a licensee required to submit**
- 28 **information to the NMLSR to pay a processing fee**
- 29 **considered reasonable by the director. In determining**
- 30 **whether an NMLSR processing fee is reasonable, the**
- 31 **director shall:**
- 32 **(A) require review of; and**
- 33 **(B) make available;**
- 34 **the audited financial statements of the NMLSR.**
- 35 **(g) Notwithstanding any other provision of law, any:**
- 36 **(1) application, renewal, or other form or document that:**
- 37 **(A) relates to licenses issued under section 23 of this**
- 38 **chapter; and**
- 39 **(B) is made or produced in an electronic format;**
- 40 **(2) document filed as an electronic record in a multistate**
- 41 **automated repository established and operated for the**
- 42 **licensing or registration of financial services entities and**

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1 their employees; or
2 (3) electronic record filed through the NMLSR;
3 is considered a valid original document when reproduced in paper
4 form by the department.

5 Sec. 26. (a) The department shall receive and act on all
6 applications for licenses to make consumer loans. Applications
7 must be as prescribed by the director of the department of
8 financial institutions. If, at any time, the information or record
9 contained in:

- 10 (1) an application filed under section 23 of this chapter or
11 section 24 of this chapter; or
- 12 (2) a renewal application filed under section 31 of this
13 chapter;

14 is or becomes inaccurate or incomplete in a material respect, the
15 applicant shall promptly file a correcting amendment with the
16 department.

17 (b) A license shall not be issued unless the department finds
18 that the professional training and experience, financial
19 responsibility, character, and fitness of:

- 20 (1) the applicant and any significant affiliate of the applicant;
- 21 (2) each executive officer, director, or manager of the
22 applicant, or any other individual having a similar status or
23 performing a similar function for the applicant; and
- 24 (3) if known, each person directly or indirectly owning of
25 record or owning beneficially at least ten percent (10%) of
26 the outstanding shares of any class of equity security of the
27 applicant;

28 are such as to warrant belief that the business will be operated
29 honestly and fairly within the purposes of this article.

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

- 32 (1) the time of application;
- 33 (2) the time of renewal of a license; or
- 34 (3) any other time considered necessary by the director.

35 (d) Evidence of compliance with this section concerning a
36 person licensed under section 23 of this chapter may include and
37 for a person licensed under section 24 of this chapter must include:

- 38 (1) criminal background checks as described in section 27 of
39 this chapter, including a national criminal history
40 background check (as defined in IC 10-13-3-12) by the
41 Federal Bureau of Investigation, for any individual described
42 in subsection (b);

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- 1 (2) credit histories as described in section 28 of this chapter;
 2 (3) surety bond requirements as described in section 29 of
 3 this chapter;
 4 (4) a review of licensure actions in Indiana and other states;
 5 and
 6 (5) other background checks considered necessary by the
 7 director.
- 8 (e) For purposes of this section and in order to reduce the
 9 points of contact that the director may have to maintain under this
 10 section, the director may use the NMLSR as a channeling agent for
 11 requesting and distributing information to and from any source as
 12 directed by the director.
- 13 (f) The department may deny an application under this section
 14 if the director of the department determines that the application
 15 was submitted for the benefit of, or on behalf of, a person who does
 16 not qualify for a license.
- 17 (g) Upon written request, the applicant is entitled to a hearing
 18 on the question of the qualifications of the applicant for a license
 19 as provided in IC 4-21.5.
- 20 (h) The applicant shall pay the following fees at the time
 21 designated by the department:
- 22 (1) An initial license fee as established by the department
 23 under IC 28-11-3-5.
- 24 (2) Examination fees as established by the department under
 25 IC 28-11-3-5.
- 26 (3) An annual renewal fee as established by the department
 27 under IC 28-11-3-5.
- 28 (i) A fee as established by the department under IC 28-11-3-5
 29 may be charged for each day a fee under subsection (h)(2) or (h)(3)
 30 is delinquent.
- 31 (j) The licensee may deduct the fees required under subsection
 32 (h)(1) and (h)(3) from the filing fees paid under IC 37-2-7-26.
- 33 (k) Except in a transaction approved under section 41 of this
 34 chapter, a license issued under this section is not assignable or
 35 transferable.
- 36 (l) If the department of state revenue notifies the department
 37 that a person is on the most recent tax warrant list, the department
 38 shall not issue or renew the person's license until:
- 39 (1) the person provides to the department a statement from
 40 the department of state revenue that the person's tax
 41 warrant has been satisfied; or
 42 (2) the department receives a notice from the commissioner

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1 of the department of state revenue under IC 6-8.1-8-2(k).

2 **Sec. 27. (a) When the director requests a national criminal**
 3 **history background check under section 26(d)(1) of this chapter for**
 4 **an individual described in section 26(b) of this chapter, the director**
 5 **shall require the individual to submit fingerprints to the**
 6 **department, state police department, or NMLSR, as directed, at**
 7 **the time evidence of compliance is requested under section 26(d) of**
 8 **this chapter. The individual to whom the request is made shall pay**
 9 **any fees or costs associated with processing and evaluating the**
 10 **fingerprints and the national criminal history background check.**
 11 **The national criminal history background check may be used by**
 12 **the director to determine the individual's compliance with this**
 13 **section. The director or the department may not release the results**
 14 **of the national criminal history background check to any private**
 15 **entity.**

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

22 **Sec. 28. (a) If the director requests a credit report for an**
 23 **individual described in section 26(b) of this chapter, the individual**
 24 **to whom the request is made shall pay any fees or costs associated**
 25 **with procuring the report.**

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

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

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



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1 **Sec. 29. (a) Each:**

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

4 **(2) person that is exempt (either under this article or under**
 5 **IC 37-1-1-6(8)) from licensing and that:**

6 **(A) employs a licensed mortgage loan originator; or**

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

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

10 **(b) A surety bond must:**

11 **(1) provide coverage for:**

12 **(A) a creditor described in subsection (a)(1); and**

13 **(B) an exempt person described in subsection (a)(2);**

14 **in an amount as prescribed in subsection (d);**

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

16 **(3) be in effect:**

17 **(A) during the term of the creditor's license; or**

18 **(B) at any time during which the person exempt from**
 19 **licensing employs a licensed mortgage loan originator,**
 20 **or sponsors a licensed mortgage loan originator as**
 21 **permitted by IC 37-1-1-6(8) or by 750 IAC 9;**

22 **as applicable;**

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

24 **(2) years after:**

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

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

32 **as applicable;**

33 **(5) be payable to the department for the benefit of:**

34 **(A) the state; and**

35 **(B) individuals who reside in Indiana when they agree to**
 36 **receive financial services from the creditor or the person**
 37 **exempt from licensing, as applicable;**

38 **(6) be issued by a bonding, surety, or insurance company**
 39 **authorized to do business in Indiana and rated at least "A-"**
 40 **by at least one (1) nationally recognized investment rating**
 41 **service; and**

42 **(7) have payment conditioned upon:**



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1 (A) the creditor's or any of the creditor's licensed
2 mortgage loan originators'; or
3 (B) the exempt person's or any of the exempt person's
4 licensed mortgage loan originators';
5 noncompliance with or violation of this chapter, 750 IAC 9,
6 or other federal or state laws or regulations applicable to
7 mortgage lending.

8 (c) The director may adopt rules or guidance documents with
9 respect to the requirements for surety bonds as necessary to
10 accomplish the purposes of this article. Upon written request from:
11 (1) a creditor described in subsection (a)(1); or
12 (2) an exempt person described in subsection (a)(2);
13 the director may, at the discretion of the director, waive or shorten
14 the two (2) year period set forth in subsection (b)(4) during which
15 a surety bond required by this section must remain in effect after
16 the occurrence of an event described in subsection (b)(4)(A) or
17 (b)(4)(B), as applicable.

18 (d) The penal sum of the surety bond shall be maintained in an
19 amount that reflects the dollar amount of mortgage transactions
20 originated as determined by the director. If the principal amount
21 of a surety bond required under this section is reduced by payment
22 of a claim or judgment, the creditor or exempt person for whom
23 the bond is issued shall immediately notify the director of the
24 reduction and, not later than thirty (30) days after notice by the
25 director, file a new or an additional surety bond in an amount set
26 by the director. The amount of the new or additional bond set by
27 the director must be at least the amount of the bond before
28 payment of the claim or judgment.

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

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

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

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

42 Sec. 30. (a) Subject to subsection (g), the director shall

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1 designate the NMLSR to serve as the sole entity responsible for:

2 (1) processing applications and renewals for licenses under
3 section 24 of this chapter;

4 (2) issuing unique identifiers for licensees under section 24 of
5 this chapter and for persons exempt from licensing (either
6 under this article or under IC 37-1-1-6(8)) that employ
7 licensed mortgage loan originators or that sponsor licensed
8 mortgage loan originators as permitted by IC 37-1-1-6(8) or
9 by 750 IAC 9; and

10 (3) performing other services that the director determines
11 necessary for the orderly administration of the department's
12 licensing system under section 24 of this chapter.

13 (b) Subject to the confidentiality provisions contained in
14 IC 5-14-3, this section, and IC 28-1-2-30, the director may
15 regularly report significant or recurring violations of this article
16 related to subordinate lien mortgage transactions to the NMLSR.

17 (c) Subject to the confidentiality provisions contained in
18 IC 5-14-3, this section, and IC 28-1-2-30, the director may report
19 complaints received regarding licensees and relating to
20 subordinate lien mortgage transactions to the NMLSR.

21 (d) The director may report publicly adjudicated licensure
22 actions against licensees under section 24 of this chapter to the
23 NMLSR.

24 (e) The director shall establish a process in which persons
25 licensed in accordance with section 24 of this chapter may
26 challenge information reported to the NMLSR by the department.

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

29 (1) Information stored in the NMLSR is subject to the
30 confidentiality provisions of IC 28-1-2-30 and IC 5-14-3. A
31 person may not:

32 (A) obtain information from the NMLSR unless the
33 person is authorized to do so by statute;

34 (B) initiate any civil action based on information
35 obtained from the NMLSR if the information is not
36 otherwise available to the person under any other state
37 law; or

38 (C) initiate any civil action based on information
39 obtained from the NMLSR if the person could not have
40 initiated the action based on information otherwise
41 available to the person under any other state law.

42 (2) Documents, materials, and other forms of information in



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1 the control or possession of the NMLSR that are confidential
2 under IC 28-1-2-30 and that are:

3 (A) furnished by the director, the director's designee, or
4 a licensee; or

5 (B) otherwise obtained by the NMLSR;

6 are confidential and privileged by law and are not subject to
7 inspection under IC 5-14-3, subject to subpoena, subject to
8 discovery, or admissible in evidence in any civil action.
9 However, the director may use the documents, materials, or
10 other information available to the director in furtherance of
11 any action brought in connection with the director's duties
12 under this article.

13 (3) Disclosure of documents, materials, and information:

14 (A) to the director; or

15 (B) by the director;

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

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

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

23 (A) obtain information;

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

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

28 if the information may be obtained from the director or the
29 director's designee under any law.

30 (6) Except as otherwise provided in the federal Housing and
31 Economic Recovery Act of 2008, Public Law 110-289, Section
32 1512, the requirements under any federal law or IC 5-14-3
33 regarding the privacy or confidentiality of any information
34 or material provided to the NMLSR, and any privilege
35 arising under federal or state law, including the rules of any
36 federal or state court, with respect to the information or
37 material, continue to apply to the information or material
38 after the information or material has been disclosed to the
39 NMLSR. The information and material may be shared with
40 all state and federal regulatory officials with mortgage
41 industry oversight authority without the loss of privilege or
42 the loss of confidentiality protections provided by federal law



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1 or IC 5-14-3.

2 (7) For purposes of this section, the director may enter
3 agreements or sharing arrangements with other
4 governmental agencies, the Conference of State Bank
5 Supervisors, the American Association of Residential
6 Mortgage Regulators, or other associations representing
7 governmental agencies as established by rule or order of the
8 director.

9 (8) Information or material that is subject to a privilege or
10 confidentiality under subdivision (6) is not subject to:

11 (A) disclosure under any federal or state law governing
12 the disclosure to the public of information held by an
13 officer or an agency of the federal government or the
14 respective state; or

15 (B) subpoena, discovery, or admission into evidence, in
16 any private civil action or administrative process, unless
17 with respect to any privilege held by the NMLSR with
18 respect to the information or material, the person to
19 whom the information or material pertains waives, in
20 whole or in part, in the discretion of the person, that
21 privilege.

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

24 (A) confidential supervisory information; or

25 (B) any information or material described in subdivision
26 (6);

27 and that is inconsistent with subdivision (6) is superseded by
28 this section.

29 (10) This section does not apply with respect to information
30 or material that concerns the employment history of, and
31 publicly adjudicated disciplinary and enforcement actions
32 against, a person licensed in accordance with section 24 of
33 this chapter and described in section 26(b) of this chapter
34 and that is included in the NMLSR for access by the public.

35 (11) The director may require a licensee required to submit
36 information to the NMLSR to pay a processing fee
37 considered reasonable by the director. In determining
38 whether an NMLSR processing fee is reasonable, the
39 director shall:

40 (A) require review of; and

41 (B) make available;

42 the audited financial statements of the NMLSR.



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1 (g) Notwithstanding any other provision of law, any:

2 (1) application, renewal, or other form or document that:

3 (A) relates to mortgage licenses issued by the
4 department; and

5 (B) is made or produced in an electronic format;

6 (2) document filed as an electronic record in a multistate
7 automated repository established and operated for the
8 licensing or registration of mortgage lenders, brokers, or
9 loan originators; or

10 (3) electronic record filed through the NMLSR;

11 is considered a valid original document when reproduced in paper
12 form by the department.

13 Sec. 31. (a) A license issued under this article must be renewed
14 not later than December 31 of each calendar year. A license issued
15 under section 24 of this chapter must be renewed through the
16 NMLSR. The minimum standards for license renewal for a
17 creditor include the following:

18 (1) If the creditor is licensed in accordance with section 23 of
19 this chapter, the creditor has:

20 (A) paid all required fees for renewal of the license; and

21 (B) filed all reports and information required by the
22 director.

23 (2) If the creditor is licensed under section 24 of this chapter,
24 the following:

25 (A) The creditor has continued to meet the surety bond
26 requirement under section 29 of this chapter.

27 (B) The creditor has filed the creditor's call report in a
28 manner that satisfies section 33(d) of this chapter.

29 (C) The creditor has paid all required fees for renewal
30 of the license.

31 (D) The creditor and individuals described in section
32 26(b) of this chapter have certified to the department
33 that they continue to meet all the standards for licensing
34 established under section 26 of this chapter.

35 (E) The creditor has filed all reports and information
36 required by the director.

37 (F) The creditor has provided in the creditor's renewal
38 application any information describing material changes
39 in the information contained in the creditor's original
40 application for licensure, or in any previous application,
41 including any previous renewal application, along with
42 any other information the director requires in order to



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- 1 evaluate the renewal of the license issued under this
2 article.
- 3 (b) A license issued by the department authorizing a person to
4 engage as a creditor in consumer loans or consumer credit sales
5 under this article may be revoked or suspended by the department
6 if the person fails to:
- 7 (1) file any renewal form required by the department; or
8 (2) pay any license renewal fee described under section
9 26(h)(3) of this chapter;
10 not later than sixty (60) days after the due date.
- 11 (c) A person whose license is revoked or suspended under this
12 section may do either of the following:
- 13 (1) Pay all delinquent fees and apply for reinstatement of the
14 license.
15 (2) Appeal the revocation or suspension to the department
16 for an administrative review under IC 4-21.5-3.
17 Pending the decision from a hearing under IC 4-21.5-3 concerning
18 license revocation or suspension, a license remains in force.
- 19 (d) If, at any time, the information or record contained in:
20 (1) an original application for licensure filed under section 23
21 or 24 of this chapter; or
22 (2) a renewal application filed under this section;
23 is or becomes inaccurate or incomplete in a material respect, the
24 applicant shall promptly file a correcting amendment with the
25 department.
- 26 **Sec. 32. (a) The department may issue to a person licensed to:**
27 (1) make consumer loans; or
28 (2) engage in consumer credit sales that are mortgage
29 transactions;
30 an order to show cause why the license should not be revoked or
31 suspended for a period determined by the department.
- 32 (b) An order issued under subsection (a) must:
33 (1) include:
34 (A) a statement of the place, date, and time for a meeting
35 with the department, which date may not be less than
36 ten (10) days from the date of the order;
37 (B) a description of the action contemplated by the
38 department; and
39 (C) a statement of the facts or conduct supporting the
40 issuance of the order; and
41 (2) be accompanied by a notice stating that the licensee is
42 entitled to:

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- 1 (A) a reasonable opportunity to be heard; and
- 2 (B) show the licensee's compliance with all lawful
- 3 requirements for retention of the license;
- 4 at the meeting described in subdivision (1)(A).
- 5 (c) After the meeting described in subsection (b)(1)(A), the
- 6 department may revoke or suspend the license if the department
- 7 finds that:
- 8 (1) the licensee has repeatedly and willfully violated:
- 9 (A) this article or any applicable rule, order, or guidance
- 10 document adopted or issued by the department; or
- 11 (B) any other state or federal laws, rules, or regulations
- 12 applicable to consumer credit transactions;
- 13 (2) the licensee does not meet the licensing qualifications
- 14 under section 26 of this chapter;
- 15 (3) the licensee obtained the license for the benefit of, or on
- 16 behalf of, a person who does not qualify for the license;
- 17 (4) the licensee knowingly or intentionally made material
- 18 misrepresentations to, or concealed material information
- 19 from, the department; or
- 20 (5) facts or conditions exist that, had they existed at the time
- 21 the licensee applied for the license, would have been grounds
- 22 for the department to deny the issuance of the license.
- 23 (d) Whenever the department revokes or suspends a license,
- 24 the department shall enter an order to that effect and forthwith
- 25 notify the licensee of:
- 26 (1) the revocation or suspension;
- 27 (2) if a suspension has been ordered, the duration of the
- 28 suspension;
- 29 (3) the procedure for appealing the revocation or suspension
- 30 under IC 4-21.5-3-6; and
- 31 (4) any other terms and conditions that apply to the
- 32 revocation or suspension.
- 33 Not later than five (5) days after the entry of the order the
- 34 department shall deliver to the licensee a copy of the order and the
- 35 findings supporting the order.
- 36 (e) Any person holding a license to make consumer loans may
- 37 relinquish the license by notifying the department in writing of its
- 38 relinquishment, but this relinquishment does not affect the person's
- 39 liability for acts previously committed and coming within the scope
- 40 of this article.
- 41 (f) If the director determines it is in the public interest, the
- 42 director may pursue revocation of a license of a licensee that has

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1 relinquished the license under subsection (e).

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

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

10 Sec. 33. (a) Every creditor required to be licensed under this
11 article shall maintain records in conformity with United States
12 generally accepted accounting principles and practices, or in any
13 other form that may be preapproved at the discretion of the
14 director, in a manner that will enable the department to determine
15 whether the licensee is complying with the provisions of this article.
16 The record keeping system of a licensee shall be sufficient if the
17 licensee makes the required information reasonably available. The
18 department shall determine the sufficiency of the records and
19 whether the licensee has made the required information reasonably
20 available. The department shall be given free access to the records
21 wherever located. The records pertaining to any loan shall be
22 retained for two (2) years after making the final entry relating to
23 the loan, but in the case of a revolving loan account the two (2)
24 years is measured from the date of each entry. A person licensed
25 or required to be licensed under this chapter is subject to
26 IC 28-1-2-30.5 with respect to any records maintained by the
27 person. A person that is exempt (either under this article or under
28 IC 37-1-1-6(8)) from licensing and that sponsors one (1) or more
29 licensed mortgage loan originators as permitted by IC 37-1-1-6(8)
30 or by 750 IAC 9, shall:

31 (1) cooperate with the department; and

32 (2) provide access to records and documents;

33 as required by the department in carrying out examinations of the
34 activities of the licensed mortgage loan originators sponsored by
35 the person.

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

40 (c) Every licensee that engages in mortgage transactions shall
41 use automated examination and regulatory software designated by
42 the director, including third party software. Use of the software



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1 consistent with guidance documents and policies issued by the
2 director is not a violation of IC 28-1-2-30.

3 (d) Each:

4 (1) creditor that is licensed by the department to engage in
5 mortgage transactions; and

6 (2) person that is exempt (either under this article or under
7 IC 37-1-1-6(8)) from licensing and that:

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

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

13 shall submit to the NMLSR a call report, which must be in the
14 form and contain information the NMLSR requires.

15 (e) Every creditor required to be licensed under this article
16 shall file with the department a composite report as required by
17 the department, but not more frequently than annually, in the form
18 prescribed by the department relating to all consumer loans made
19 by the licensee. The department shall consult with comparable
20 officials in other states for the purpose of making the kinds of
21 information required in the reports uniform among the states.
22 Information contained in the reports shall be confidential and may
23 be published only in composite form. The department may impose
24 a fee in an amount fixed by the department under IC 28-11-3-5 for
25 each day that a creditor fails to file the report required by this
26 subsection.

27 (f) A creditor required to be licensed under this article shall
28 file notification with the department if the licensee:

29 (1) has a change in name, address, or principals;

30 (2) opens a new branch, closes an existing branch, or
31 relocates an existing branch;

32 (3) files for bankruptcy or reorganization; or

33 (4) is subject to revocation or suspension proceedings by a
34 state or governmental authority with regard to the licensee's
35 activities;

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

38 (g) Every licensee shall file notification with the department if
39 the licensee or any director, executive officer, or manager of the
40 licensee has been convicted of a felony under the laws of Indiana or
41 any other jurisdiction. The licensee shall file the notification
42 required by this subsection not later than thirty (30) days after the



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1 date of the event described in this subsection.

2 **Sec. 34. (a) As used in this section, "automated loan machine"**
 3 **means an unmanned machine that performs routine lending**
 4 **functions.**

5 **(b) A licensee may make loans through an automated loan**
 6 **machine at an offsite location if the licensee:**

7 **(1) notifies the department in writing of the existence and**
 8 **location of the automated loan machine;**

9 **(2) maintains at a location licensed or approved by the**
 10 **department the books, accounts, records, and files**
 11 **concerning transactions performed through the automated**
 12 **loan machine; and**

13 **(3) posts at the offsite location where the automated loan**
 14 **machine is located the:**

15 **(A) address where the books, accounts, records and files**
 16 **are located; and**

17 **(B) telephone number at which the licensee may be**
 18 **contacted.**

19 **Sec. 35. (a) With respect to a supervised loan, including a loan**
 20 **pursuant to a revolving loan account, a supervised lender may**
 21 **contract for and receive a loan finance charge not exceeding that**
 22 **permitted by this section.**

23 **(b) The loan finance charge, calculated according to the**
 24 **actuarial method, may not exceed the equivalent of the greater of:**

25 **(1) the total of:**

26 **(A) thirty-six percent (36%) per year on that part of the**
 27 **unpaid balances of the principal which is two thousand**
 28 **dollars (\$2,000) or less;**

29 **(B) twenty-one percent (21%) per year on that part of**
 30 **the unpaid balances of the principal which is more than**
 31 **two thousand dollars (\$2,000) but does not exceed four**
 32 **thousand dollars (\$4,000); and**

33 **(C) fifteen percent (15%) per year on that part of the**
 34 **unpaid balances of the principal which is more than four**
 35 **thousand dollars (\$4,000); or**

36 **(2) twenty-five percent (25%) per year on the unpaid**
 37 **balances of the principal.**

38 **(c) In the case of a loan agreement entered into before July 1,**
 39 **2020, this section does not limit or restrict the manner of**
 40 **contracting for the loan finance charge, whether by way of add-on,**
 41 **discount, or otherwise, so long as the rate of the loan finance**
 42 **charge does not exceed that permitted by this section. If the loan is**



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- 1 **precomputed:**
 2 (1) the loan finance charge may be calculated on the
 3 assumption that all scheduled payments will be made when
 4 due; and
 5 (2) the effect of prepayment is governed by the provisions on
 6 rebate upon prepayment in section 13 of this chapter.

7 After June 30, 2020, a loan agreement may not be entered into for
 8 a precomputed supervised loan. The loan finance charge
 9 authorized by this section must be contracted for between the
 10 lender and the debtor, and must be calculated by applying a rate
 11 not exceeding the rate set forth in subsection (b) to unpaid balances
 12 of the principal.

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

22 (e) Subject to classifications and differentiations the lender
 23 may reasonably establish, the lender may make the same loan
 24 finance charge on all principal amounts within a specified range.
 25 A loan finance charge does not violate subsection (b) if:

- 26 (1) when applied to the median amount within each range, it
 27 does not exceed the maximum permitted in subsection (b);
 28 and
 29 (2) when applied to the lowest amount within each range, it
 30 does not produce a rate of loan finance charge exceeding the
 31 rate calculated according to subdivision (1) by more than
 32 eight percent (8%) of the rate calculated according to
 33 subdivision (1).

34 (f) The amounts of two thousand dollars (\$2,000) and four
 35 thousand dollars (\$4,000) in subsection (b) and thirty dollars (\$30)
 36 in subsection (g) are subject to change pursuant to the provisions
 37 on adjustment of dollar amounts set forth in IC 37-2-1-5. However,
 38 notwithstanding IC 37-2-1-5(a), for the adjustment of the amount
 39 of thirty dollars (\$30), the Reference Base Index to be used is the
 40 Index for October 1992. Notwithstanding IC 37-2-1-5(a), for the
 41 adjustment of the amounts of two thousand dollars (\$2,000) and
 42 four thousand dollars (\$4,000), the Reference Base Index to be used



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1 is the Index for October 2012.

2 (g) With respect to a supervised loan not made pursuant to a
3 revolving loan account, the lender may contract for and receive a
4 minimum loan finance charge of not more than thirty dollars (\$30).
5 The minimum loan finance charge allowed under this subsection
6 may be imposed only if the lender does not assess a nonrefundable
7 prepaid finance charge under subsection (h) and:

8 (1) the debtor prepays in full a consumer loan, refinancing,
9 or consolidation, regardless of whether the loan, refinancing,
10 or consolidation is precomputed;

11 (2) the loan, refinancing, or consolidation prepaid by the
12 debtor is subject to a loan finance charge that:

13 (A) is contracted for by the parties; and

14 (B) does not exceed the rate prescribed in subsection (b);
15 and

16 (3) the loan finance charge earned at the time of prepayment
17 is less than the minimum loan finance charge contracted for
18 under this subsection.

19 (h) Except as provided in subsections (g) and (j)(3), in addition
20 to the loan finance charge provided for in this section and to any
21 other charges and fees permitted by this chapter, the lender may
22 contract for and receive a nonrefundable prepaid finance charge
23 of not more than fifty dollars (\$50) if the loan agreement is entered
24 into before July 1, 2020. If the loan agreement is entered into after
25 June 30, 2020, not more than the following:

26 (1) Seventy-five dollars (\$75), in the case of a loan agreement
27 for a principal amount which is two thousand dollars
28 (\$2,000) or less.

29 (2) One hundred fifty dollars (\$150) in the case of a loan
30 agreement for a principal amount which is more than two
31 thousand dollars (\$2,000) but does not exceed four thousand
32 dollars (\$4,000).

33 (3) Two hundred dollars (\$200) in the case of a loan
34 agreement for a principal amount which is more than four
35 thousand dollars (\$4,000).

36 The amounts in this subsection are not subject to change under
37 IC 37-2-1-5.

38 (i) The nonrefundable prepaid finance charge provided for in
39 subsection (h) is not subject to refund or rebate. However, for any
40 supervised loan entered into after June 30, 2020, any amount
41 charged by the lender, other than by a lender that is a depository
42 institution, under subsection (h) that exceeds the applicable amount



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1 permitted by subsection (h) constitutes a violation of this article
 2 under IC 37-2-7-8(12) and is subject to refund. Any amount
 3 charged by a depository institution under subsection (h) that
 4 exceeds the applicable amount set forth in subsection (h) is subject
 5 to refund.

6 (j) Notwithstanding subsections (h) and (i), in the case of a
 7 supervised loan that is not secured by an interest in land, if a
 8 lender retains any part of a nonrefundable prepaid finance charge
 9 charged on a loan that is paid in full by a new loan from the same
 10 lender, the following apply:

11 (1) If the loan is paid in full by the new loan within three (3)
 12 months after the date of the prior loan, the lender may not
 13 charge a nonrefundable prepaid finance charge on the new
 14 loan, or, in the case of a revolving loan, on the increased
 15 credit line.

16 (2) The lender may not assess more than two (2)
 17 nonrefundable prepaid finance charges in any twelve (12)
 18 month period.

19 (3) Subject to subdivisions (a) and (b), if a supervised loan
 20 that is entered into by a lender and a debtor before July 1,
 21 2020, is paid in full by a new loan from the same lender after
 22 June 30, 2020, the lender may contract for and receive a
 23 nonrefundable prepaid finance charge in the amount set
 24 forth in subsection (h) for loan agreements entered into after
 25 June 30, 2020.

26 (k) In the case of a supervised loan that is secured by an
 27 interest in land, this section does not prohibit a lender from
 28 contracting for and receiving a fee for preparing deeds, mortgages,
 29 reconveyances, and similar documents under section 5(a)(4)(B) of
 30 this chapter, in addition to the nonrefundable prepaid finance
 31 charge provided for in subsection (h).

32 Sec. 36. With respect to a consumer loan, no lender may
 33 permit any person, or husband and wife, to become obligated in
 34 any way under more than one loan agreement with the lender or
 35 with a person related to the lender, with intent to obtain a higher
 36 rate of loan finance charge than would otherwise be permitted by
 37 the provisions on loan finance charge for supervised loans set forth
 38 in section 35 of this chapter or to avoid disclosure of an annual
 39 percentage rate pursuant to the provisions on disclosure set forth
 40 in section 14 of this chapter. The excess amount of loan finance
 41 charge provided for in agreements in violation of this section is an
 42 excess charge for the purposes of the provisions on effect of



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1 violations on rights of parties (IC 37-2-6-9) and the provisions on
2 civil actions by the department (IC 37-2-7-14).

3 **Sec. 37. (a)** With respect to a supervised loan in which the
4 principal is four thousand dollars (\$4,000) or less, a lender may not
5 contract for an interest in land as security. A security interest
6 taken in violation of this section is void.

7 (b) The amount of four thousand dollars (\$4,000) in subsection
8 (a) is subject to change pursuant to the provisions on adjustment
9 of dollar amounts set forth in IC 37-2-1-5. However,
10 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be
11 used under this subsection is the Index for October 2012.

12 **Sec. 38. (a)** Supervised loans not made pursuant to a revolving
13 loan account and in which the principal is four thousand dollars
14 (\$4,000) or less are payable in a single installment or shall be
15 scheduled to be payable in substantially equal installments that are
16 payable at equal periodic intervals, except to the extent that the
17 schedule of payments is adjusted to the seasonal or irregular
18 income of the debtor, and:

- 19 (1) over a period of not more than thirty-seven (37) months
20 if the principal is more than three hundred dollars (\$300); or
21 (2) over a period of not more than twenty-five (25) months if
22 the principal is three hundred dollars (\$300) or less.

23 (b) The amounts of three hundred dollars (\$300) and four
24 thousand dollars (\$4,000) in subsection (a) are subject to change
25 pursuant to the provisions on adjustment of dollar amounts set
26 forth in IC 37-2-1-5. However, notwithstanding IC 37-2-1-5(a), the
27 Reference Base Index to be used with respect to the amount of:

- 28 (1) three hundred dollars (\$300) is the Index for October
29 1992; and
30 (2) four thousand dollars (\$4,000) is the Index for October
31 2012.

32 **Sec. 39.** A licensee may carry on other business at a location
33 where the licensee makes consumer loans unless the licensee
34 carries on other business for the purpose of evasion or violation of
35 this article.

36 **Sec. 40. (a)** As used in this section, "control" means possession
37 of the power directly or indirectly to:

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



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- 1 through the beneficial ownership of voting securities, by
 2 contract, or otherwise.
- 3 (b) An organization or an individual acting directly, indirectly,
 4 or through or in concert with one (1) or more other organizations
 5 or individuals may not acquire control of any creditor unless the
 6 department has received and approved an application for change
 7 in control. The department has not more than one hundred twenty
 8 (120) days after receipt of an application to issue a notice
 9 approving the proposed change in control. The application must
 10 contain the name and address of the organization, individual, or
 11 individuals who propose to acquire control and any other
 12 information required by the director.
- 13 (c) The period for approval under subsection (b) may be
 14 extended:
- 15 (1) in the discretion of the director for an additional thirty
 16 (30) days; and
- 17 (2) not more than two (2) additional times for not more than
 18 forty-five (45) days each time if:
- 19 (A) the director determines that the organization,
 20 individual, or individuals who propose to acquire
 21 control have not submitted substantial evidence of the
 22 qualifications described in subsection (d);
- 23 (B) the director determines that any material
 24 information submitted is substantially inaccurate; or
- 25 (C) the director has been unable to complete the
 26 investigation of the organization, individual, or
 27 individuals who propose to acquire control because of
 28 any delay caused by or the inadequate cooperation of
 29 the organization, individual, or individuals.
- 30 (d) The department shall issue a notice approving the
 31 application only after the department is satisfied that both of the
 32 following apply:
- 33 (1) The organization, individual, or individuals who propose
 34 to acquire control are qualified by competence, experience,
 35 character, and financial responsibility to control and operate
 36 the creditor in a legal and proper manner.
- 37 (2) The interests of the owners and creditors of the creditor
 38 and the interests of the public generally will not be
 39 jeopardized by the proposed change in control.
- 40 (e) The director may determine, in the director's discretion,
 41 that subsection (b) does not apply to a transaction if the director
 42 determines that the direct or beneficial ownership of the creditor

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1 will not change as a result of the transaction.

2 (f) The president or other chief executive officer of a creditor
3 shall report to the director any transfer or sale of securities of the
4 creditor that results in direct or indirect ownership by a holder or
5 an affiliated group of holders of at least ten percent (10%) of the
6 outstanding securities of the creditor. The report required by this
7 subsection must be made not later than ten (10) days after the
8 transfer of the securities on the books of the creditor.

9 (g) Depending on the circumstances of the transaction, the
10 director may reserve the right to require the organization,
11 individual, or individuals who propose to acquire control of a
12 creditor licensed under this article to apply for a new license under
13 section 26 of this chapter, instead of acquiring control of the
14 licensee under this section.

15 Sec. 41. The parties to a loan other than a consumer loan may
16 agree in writing signed by the parties that the loan is subject to the
17 provisions of this article applying to consumer loans. If the parties
18 so agree, the loan is a consumer loan for the purposes of this
19 article.

20 Sec. 42. (a) With respect to a consumer related loan, including
21 one made pursuant to a revolving loan account, the parties may
22 contract for the payment by the debtor of a loan finance charge,
23 calculated according to the actuarial method, not to exceed
24 twenty-five percent (25%) per year on the unpaid principal
25 balance.

26 (b) A person engaged in consumer related loans is not required
27 to comply with:

28 (1) the licensing requirements set forth in section 26 of this
29 chapter; or

30 (2) IC 37-2-7-24 through IC 37-2-7-26.

31 Sec. 43. (a) The agreement with respect to a consumer related
32 loan may provide for only the following charges as a result of the
33 debtor's default:

34 (1) reasonable attorney's fees and reasonable expenses
35 incurred in realizing on a security interest;

36 (2) deferral charges not in excess of twenty-five percent
37 (25%) per year of the amount deferred for the period of
38 deferral; and

39 (3) other charges that could have been made had the loan
40 been a consumer loan.

41 (b) A provision in violation of this section is unenforceable.

42 Sec. 44. With respect to a loan other than a consumer loan or



1 a consumer related loan, the parties may contract for the payment
2 by the debtor of any loan finance charge.

3 **Sec. 45. (a)** In addition to any disclosures otherwise provided
4 by law, a lender soliciting loans using a negotiable check, facsimile,
5 or other negotiable instrument that may be used by a consumer to
6 activate a new loan shall disclose the following:

7 "This is a solicitation for a loan. Read the enclosed
8 disclosures before signing this agreement."

9 This notice shall be printed in at least ten point type and shall
10 appear conspicuously on the offer.

11 (b) If a negotiable check, a facsimile, or another instrument is
12 stolen or incorrectly received by someone other than the intended
13 payee and the instrument is fraudulently cashed, the consumer who
14 was the intended payee is not liable for the loan obligation.

15 **Sec. 46.** With respect to a consumer loan secured by an interest
16 in land used or expected to be used as the principal dwelling of the
17 debtor, a lender shall comply with IC 6-1.1-12-43.

18 **Chapter 5. Insurance**

19 **Sec. 1. (a)** Except as provided in subsection (b), this chapter
20 applies to insurance provided or to be provided in relation to a
21 consumer credit sale, a consumer lease, or a consumer loan.

22 (b) Section 17 of this chapter concerning cancellation by a
23 creditor applies to loans the primary purpose of which is the
24 financing of insurance. No other provision of this chapter applies
25 to insurance so financed.

26 (c) This chapter supplements and does not repeal IC 27-8-4
27 (the credit insurance act). The provisions of this article concerning
28 administrative controls, liabilities, and penalties do not apply to
29 persons acting as insurers, and the similar provisions of IC 27-8-4
30 do not apply to creditors and debtors.

31 **Sec. 2. (a)** Except as otherwise provided in this chapter and
32 subject to the provisions on:

33 (1) additional charges set forth in IC 37-2-3-5 and
34 IC 37-2-4-5;

35 (2) maximum charges set forth in IC 37-2-3-4 through
36 IC 37-2-3-12; and

37 (3) maximum charges set forth in IC 37-2-4-4 through
38 IC 37-2-4-13;

39 a creditor may agree to provide insurance, and may contract for
40 and receive a charge for insurance separate from and in addition
41 to other charges. A creditor need not make a separate charge for
42 insurance provided or required by the creditor. This article does



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1 not authorize the issuance of any insurance prohibited under any
2 statute, or rule thereunder, governing the business of insurance.

3 (b) The excess amount of a charge for insurance provided for
4 in agreements in violation of this chapter is an excess charge for
5 the purposes of the provisions of the chapter on remedies and
6 penalties (IC [] 37-2-6) as to effect of violations on rights of parties
7 (IC [] 37-2-6-9) and of the provisions of IC 37-2-7 as to civil actions
8 by the department (IC [] 37-2-7-14).

9 Sec. 3. If a creditor agrees with a debtor to provide insurance:

10 (1) the insurance shall be evidenced by an individual policy
11 or certificate of insurance delivered to the debtor, or sent to
12 the debtor at the debtor's address as stated by the debtor,
13 within thirty (30) days after the term of the insurance
14 commences under the agreement between the creditor and
15 debtor; or

16 (2) the creditor shall promptly notify the debtor of any
17 failure or delay in providing the insurance.

18 Sec. 4. (a) In applying the provisions of this article on
19 unconscionability (IC [] 37-2-6-7 and IC 37-2-7-12) to a separate
20 charge for insurance, consideration shall be given, among other
21 factors, to:

22 (1) potential benefits to the debtor including the satisfaction
23 of the debtor's obligations;

24 (2) the creditor's need for the protection provided by the
25 insurance; and

26 (3) the relation between the amount and terms of credit
27 granted and the insurance benefits provided.

28 (b) If consumer credit insurance otherwise complies with this
29 chapter and other applicable law, neither the amount nor the term
30 of the insurance nor the amount of a charge therefor is in itself
31 unconscionable.

32 Sec. 5. (a) Except as provided in subsection (b), if a creditor
33 contracts for or receives a separate charge for insurance, the
34 amount charged to the debtor for the insurance may not exceed the
35 premium to be charged by the insurer, as computed at the time the
36 charge to the debtor is determined, conforming to any rate filings
37 required by law and made by the insurer with the insurance
38 commissioner.

39 (b) A creditor who provides consumer credit insurance in
40 relation to a revolving charge account or revolving loan account
41 may calculate the charge to the debtor in each billing cycle by
42 applying the current premium rate to one (1) of the following:



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1 (1) The average daily unpaid balance of the debt in the cycle.

2 (2) The unpaid balance of the debt or a median amount
3 within a specified range of unpaid balances of debt on
4 approximately the same day of the cycle. The day of the cycle
5 need not be the day used in calculating the credit service
6 charge under IC 37-2-3-4(f) or loan finance charge
7 (IC 37-2-4-4 and IC 37-2-4-35), but the specified range shall
8 be the range used for that purpose.

9 (3) The unpaid balances of principal calculated according to
10 the actuarial method.

11 (4) The amount of the insurance benefit for the cycle.

12 Sec. 6. (a) Upon prepayment in full of a consumer credit sale
13 or consumer loan by the proceeds of consumer credit insurance,
14 the debtor or the debtor's estate is entitled to a refund of:

15 (1) any portion of a separate charge for insurance which by
16 reason of prepayment is retained by the creditor or returned
17 to the creditor by the insurer unless the charge was
18 computed from time to time on the basis of the balances of
19 the debtor's account; and

20 (2) any portion of an additional charge that is:

21 (A) assessed in accordance with IC 37-2-3-5(a)(3),
22 IC 37-2-3-5(a)(8), IC 37-2-3-5(a)(5), or
23 IC 37-2-4-5(a)(11); and

24 (B) subject to rebate upon prepayment.

25 (b) This chapter does not require a creditor to grant a refund
26 or credit to the debtor if all refunds and credits due to the debtor
27 under this chapter amount to less than one dollar (\$1), and except
28 as provided in subsection (a) does not require the creditor to
29 account to the debtor for any portion of a separate charge for
30 insurance because:

31 (1) the insurance is terminated by performance of the
32 insurer's obligation;

33 (2) the creditor pays or accounts for premiums to the insurer
34 in amounts and at times determined by the agreement
35 between them; or

36 (3) the creditor receives directly or indirectly under any
37 policy of insurance a gain or advantage not prohibited by
38 law.

39 (c) Except as provided in subsection (b), the creditor or the
40 creditor's assignee shall promptly make an appropriate refund or
41 credit to the debtor for any separate charge made for insurance or
42 for an additional charge described in subsection (a)(2) if:



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1 (1) the insurance is not provided or is provided for a term
2 shorter than the term for which the charge to the debtor for
3 insurance was computed; or

4 (2) the insurance or the protection provided in exchange for
5 the additional charge described in subsection (a)(2)
6 terminates prior to the end of the scheduled term of the
7 coverage because of prepayment in full or otherwise.

8 (d) An initial creditor, a subsequent creditor, or an assignee of
9 an initial or a subsequent creditor, shall maintain documentation
10 of any account that is subject to a refund or credit under this
11 section. The information maintained under this subsection shall be
12 made available to the department as necessary to determine
13 compliance with this section.

14 (e) A refund or credit required by subsection (c)(1) is
15 appropriate as to amount if it is computed according to a method
16 prescribed or approved by the insurance commissioner or a
17 formula filed by the insurer with the insurance commissioner at
18 least thirty (30) days before the debtor's right to a refund or credit
19 becomes determinable, unless the method or formula is used after
20 the insurance commissioner notifies the insurer that it is
21 disapproved.

22 (f) If a refund or credit required by subsection (a) or (c) is not
23 made to the debtor within sixty (60) days after the date the debt is
24 terminated, due to prepayment in full or otherwise, the creditor
25 shall pay to the debtor for each day after the sixty (60) day period
26 has expired an amount equal to the daily interest at the contracted
27 annual percentage rate on the amount of the refund required by
28 subsection (a) due at the time of prepayment or termination. The
29 director may impose an additional civil penalty of not greater than
30 one thousand dollars (\$1,000) per occurrence if a creditor engages
31 in a pattern or practice of failing to comply with this subsection.

32 Sec. 7. If a creditor requires insurance, upon notice to the
33 creditor the debtor shall have the option of providing the required
34 insurance through an existing policy of insurance owned or
35 controlled by the debtor, or through a policy to be obtained and
36 paid for by the debtor, but the creditor may for reasonable cause
37 decline the insurance provided by the debtor.

38 Sec. 8. (a) A creditor may not contract for or receive a
39 separate charge for insurance in connection with a deferral
40 (IC 37-2-3-7 or IC 37-2-4-7), a refinancing (IC 37-2-3-8 or
41 IC 37-2-4-8), or a consolidation (IC 37-2-3-9 or IC 37-2-4-9),
42 unless:



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1 **(1) the debtor agrees at or before the time of the deferral,**
 2 **refinancing, or consolidation that the charge may be made;**
 3 **(2) the debtor is or is to be provided with insurance for an**
 4 **amount or a term, or insurance of a kind, in addition to that**
 5 **to which the debtor would have been entitled had there been**
 6 **no deferral, refinancing, or consolidation;**
 7 **(3) the debtor receives a refund or credit on account of any**
 8 **unexpired term of existing insurance in the amount that**
 9 **would be required if the insurance were terminated under**
 10 **section 6 of this chapter; and**

11 **(4) the charge does not exceed the amount permitted by**
 12 **section 5 of this chapter.**

13 **(b) A creditor may not contract for or receive a separate**
 14 **charge for insurance which duplicates insurance with respect to**
 15 **which the creditor has previously contracted for or received a**
 16 **separate charge.**

17 **Sec. 9. The department and the insurance commissioner are**
 18 **authorized and directed to consult and assist one another in**
 19 **maintaining compliance with this chapter. They may jointly pursue**
 20 **investigations, prosecute suits, and take other official action, as**
 21 **may seem to them appropriate, if either of them is otherwise**
 22 **empowered to take the action. If the department is informed of a**
 23 **violation or suspected violation by an insurer of this chapter, or of**
 24 **the insurance laws, rules, and regulations of Indiana, the**
 25 **department shall advise the insurance commissioner of the**
 26 **circumstances.**

27 **Sec. 10. (a) To the extent that the commissioner's responsibility**
 28 **under this chapter requires, the commissioner of insurance shall**
 29 **issue rules with respect to insurers, and with respect to refunds**
 30 **(section 6 of this chapter), forms, schedules of premium rates and**
 31 **charges (section 13 of this chapter), and the commissioner's**
 32 **approval or disapproval thereof and, in case of violation, may**
 33 **make an order for compliance.**

34 **(b) IC 4-21.5-3 applies to and governs all agency action taken**
 35 **by the commissioner of insurance pursuant to this section.**

36 **Sec. 11. (a) Consumer credit insurance provided by a creditor**
 37 **may be subject to the furnishing of evidence of insurability**
 38 **satisfactory to the insurer. Whether or not such evidence is**
 39 **required, the term of the insurance shall commence no later than**
 40 **when the debtor becomes obligated to the creditor or when the**
 41 **debtor applies for the insurance, whichever is later, except as**
 42 **follows:**



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- 1 (1) if any required evidence of insurability is not furnished
- 2 until more than thirty (30) days after the term would
- 3 otherwise commence, the term may commence on the date
- 4 when the insurer determines the evidence to be satisfactory;
- 5 or
- 6 (2) if the creditor provides insurance not previously provided
- 7 covering debts previously created, the term may commence
- 8 on the effective date of the policy.

9 (b) The originally scheduled term of the insurance shall extend
 10 at least until the due date of the last scheduled payment of the debt
 11 except as follows:

- 12 (1) if the insurance relates to a revolving charge account or
- 13 revolving loan account, the term need extend only until the
- 14 payment of the debt under the account and may be sooner
- 15 terminated after at least thirty (30) days notice to the debtor;
- 16 or
- 17 (2) if the debtor is advised in writing that the insurance will
- 18 be written for a specified shorter time, the term need extend
- 19 only until the end of the specified time.

20 (c) The term of the insurance shall not extend more than
 21 fifteen (15) days after the originally scheduled due date of the last
 22 scheduled payment of the debt unless it is extended without
 23 additional cost to the debtor or as an incident to a deferral;
 24 refinancing, or consolidation.

25 Sec. 12. (a) Except as provided in subsection (b):

- 26 (1) in the case of consumer credit insurance providing life
- 27 coverage, the amount of insurance may not initially exceed
- 28 the debt and, if the debt is payable in installments, may not
- 29 at any time exceed the greater of the scheduled or actual
- 30 amount of the debt; or
- 31 (2) in the case of any other consumer credit insurance, the
- 32 total amount of periodic benefits payable may not exceed the
- 33 total of scheduled unpaid installments of the debt, and the
- 34 amount of any periodic benefit may not exceed the original
- 35 amount of debt divided by the number of periodic
- 36 installments in which it is payable.

37 (b) If consumer credit insurance is provided in connection with
 38 a revolving charge account or revolving loan account, the amounts
 39 payable as insurance benefits may be reasonably commensurate
 40 with the amount of debt as it exists from time to time. If consumer
 41 credit insurance is provided in connection with a commitment to
 42 grant credit in the future, the amounts payable as insurance

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1 benefits may be reasonably commensurate with the total from time
2 to time of the amount of debt and the amount of the commitment.

3 **Sec. 13. (a) A creditor may not use a form, or a schedule of**
4 **premium rates or charges, the filing of which is required by this**
5 **section, if the insurance commissioner has disapproved the form or**
6 **schedule and has notified the insurer of the insurance**
7 **commissioner's disapproval. A creditor may not use a form or**
8 **schedule unless:**

9 (1) the form or schedule has been on file with the insurance
10 commissioner for thirty (30) days, or has earlier been
11 approved by the commissioner; and

12 (2) the insurer has complied with this section with respect to
13 the insurance.

14 (b) Except as provided in subsection (c), all policies,
15 certificates of insurance, notices of proposed insurance,
16 applications for insurance, endorsements and riders relating to
17 consumer credit insurance delivered or issued for delivery in this
18 state, and the schedules of premium rates or charges pertaining
19 thereto, shall be filed by the insurer with the insurance
20 commissioner. Within thirty (30) days after the filing of any form
21 or schedule, the commissioner shall disapprove it if the premium
22 rates or charges are unreasonable in relation to the benefits
23 provided under the form, or if the form contains provisions which
24 are unjust, unfair, inequitable, or deceptive, or encourage
25 misrepresentation of the coverage, or are contrary to any provision
26 of IC 27 or of any rule promulgated under IC 27.

27 (c) If a group policy has been delivered in another state, the
28 forms to be filed by the insurer with the insurance commissioner
29 are the group certificates and notices of proposed insurance. The
30 commissioner shall approve them if:

31 (1) they provide the information that would be required if
32 the group policy were delivered in this state; and

33 (2) the applicable premium rates or charges do not exceed
34 those established by the commissioner's rules.

35 **Sec. 14. (a) A creditor may not contract for or receive a**
36 **separate charge for insurance against loss of or damage to**
37 **property unless:**

38 (1) the insurance covers a substantial risk of loss of or
39 damage to property related to the credit transaction;

40 (2) the amount, terms, and conditions of the insurance are
41 reasonable in relation to the character and value of the
42 property insured or to be insured; and



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- 1 (3) the term of the insurance is reasonable in relation to the
2 terms of credit.
- 3 (b) The term of the insurance is reasonable if it is customary
4 and does not extend substantially beyond a scheduled maturity.
- 5 (c) A creditor may not contract for or receive a separate
6 charge for insurance against loss of or damage to property unless
7 the amount financed or principal exclusive of charges for the
8 insurance is three hundred dollars (\$300) or more, and the value
9 of the property is three hundred dollars (\$300) or more.
- 10 (d) The amounts of three hundred dollars (\$300) in subsection
11 (c) are subject to change pursuant to the provisions on adjustment
12 of dollar amounts (IC 37-2-1-5). However, notwithstanding
13 IC 37-2-1-5(a), the Reference Base Index to be used under this
14 subsection is the Index for October 1992.
- 15 Sec. 15. If a creditor contracts for or receives a separate
16 charge for insurance against loss of or damage to property, the risk
17 of loss or damage not willfully caused by the debtor is on the
18 debtor only to the extent of any deficiency in the effective coverage
19 of the insurance, even though the insurance covers only the interest
20 of the creditor.
- 21 Sec. 16. A creditor may not contract for or receive a separate
22 charge for insurance against liability unless the insurance covers
23 a substantial risk of liability arising out of the ownership or use of
24 property related to the credit transaction.
- 25 Sec. 17. A creditor shall not request cancellation of a policy of
26 property or liability insurance except after the debtor's default or
27 in accordance with a written authorization by the debtor, and in
28 either case the cancellation does not take effect until written notice
29 is delivered to the debtor or mailed to the debtor at the debtor's
30 address as stated by the debtor. The notice shall state that the
31 policy may be canceled on a date not less than ten (10) days after
32 the notice is delivered, or, if the notice is mailed, not less than
33 thirteen (13) days after it is mailed.
- 34 Sec. 18. Upon the payment in full of a consumer credit sale or
35 consumer loan, the creditor or creditor's assignee shall promptly
36 make an appropriate refund of the unearned premium for any
37 property insurance with respect to which the creditor or the credit
38 account of the consumer is a beneficiary.
- 39 Chapter 6. Remedies and Penalties
- 40 Sec. 0.1. The amendments made to IC 24-4.5-5-203 (before its
41 repeal) by P.L.181-1991 applied to causes of action accruing after
42 June 30, 1991.

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1 **Sec. 1. Sections 0.1 through 7 of this chapter apply to:**

- 2 **(1) actions or other proceedings to enforce rights arising**
 3 **from consumer credit sales, consumer leases, and consumer**
 4 **loans;**
 5 **(2) garnishments of the earnings of an individual; and**
 6 **(3) extortionate extensions of credit.**

7 **Sec. 2. (a) This section applies to a consumer credit sale of**
 8 **goods or services.**

9 **(b) If the seller repossesses or voluntarily accepts surrender of**
 10 **goods which were the subject of the sale and in which the seller has**
 11 **a security interest, and the cash price of the goods repossessed or**
 12 **surrendered was four thousand dollars (\$4,000) or less, the buyer**
 13 **is not personally liable to the seller for the unpaid balance of the**
 14 **debt arising from the sale of the goods, and the seller is not**
 15 **obligated to resell the collateral.**

16 **(c) If the seller repossesses or voluntarily accepts surrender of**
 17 **goods which were not the subject of the sale but in which the seller**
 18 **has a security interest to secure a debt arising from a sale of goods**
 19 **or services or a combined sale of goods and services and the cash**
 20 **price of the sale was four thousand dollars (\$4,000) or less, the**
 21 **buyer is not personally liable to the seller for the unpaid balance of**
 22 **the debt arising from the sale.**

23 **(d) For the purpose of determining the unpaid balance of**
 24 **consolidated debts or debts pursuant to revolving charge accounts,**
 25 **the allocation of payments to a debt shall be determined in the**
 26 **same manner as provided for determining the amount of debt**
 27 **secured by various security interests under IC 37-2-3-20.**

28 **(e) The buyer may be liable in damages to the seller if the**
 29 **buyer has wrongfully damaged the collateral or if, after default**
 30 **and demand, the buyer has wrongfully failed to make the collateral**
 31 **available to the seller.**

32 **(f) If the seller elects to bring an action against the buyer for**
 33 **a debt arising from a consumer credit sale of goods or services, and**
 34 **under this section the seller would not be entitled to a deficiency**
 35 **judgment if the seller repossessed the collateral, and the seller**
 36 **obtains a judgment:**

- 37 **(1) the seller may not repossess the collateral; and**
 38 **(2) the collateral is not subject to levy or sale on execution or**
 39 **similar proceedings pursuant to the judgment.**

40 **(g) The amounts of four thousand dollars (\$4,000) in**
 41 **subsections (b) and (c) are subject to change pursuant to the**
 42 **provisions on adjustment of dollar amounts (IC [§](#)37-2-1-5).**



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1 However, notwithstanding IC 37-2-1-5(a), the Reference Base
2 Index to be used under this subsection is the Index for October
3 2012.

4 Sec. 3. Prior to entry of judgment in an action against the
5 debtor, no creditor may attach unpaid earnings of the debtor by
6 garnishment or like proceedings.

7 Sec. 4. (a) For the purposes of sections 1 through 7 of this
8 chapter:

9 (1) "disposable earnings" means that part of the earnings of
10 an individual, including wages, commissions, income, rents,
11 or profits remaining after the deduction from those earnings
12 of amounts required by law to be withheld;

13 (2) "garnishment" means any legal or equitable proceedings
14 through which the earnings of an individual are required to
15 be withheld by a garnishee, by the individual debtor, or by
16 any other person for the payment of a judgment; and

17 (3) "support withholding" means that part of the earnings
18 that are withheld from an individual for child support in
19 accordance with the laws of this state.

20 (b) Except as provided in subsection (h), the maximum part of
21 the aggregate disposable earnings of an individual for any
22 workweek which is subjected to garnishment to enforce the
23 payment of one (1) or more judgments against the individual may
24 not exceed the lesser of the following amounts:

25 (1) An amount equal to twenty-five percent (25%) of the
26 individual's disposable earnings for that week or, upon a
27 showing of good cause by the individual why the amount
28 should be reduced, an amount equal to:

29 (A) less than twenty-five percent (25%); and

30 (B) at least ten percent (10%);

31 of the individual's disposable earnings for that week.

32 (2) The amount by which the individual's disposable earnings
33 for that week exceed thirty (30) times the federal minimum
34 hourly wage prescribed by 29 U.S.C. 206(a)(1) in effect at the
35 time the earnings are payable.

36 In the case of earnings for a pay period other than a week, the
37 earnings shall be computed upon a multiple of the federal
38 minimum hourly wage equivalent to thirty (30) times the federal
39 minimum hourly wage as prescribed in this section.

40 (c) The maximum part of the aggregate disposable earnings of
41 an individual for any workweek which is subject to garnishment or
42 support withholding to enforce any order for the support of any



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1 person shall not exceed:
 2 (1) where such individual is supporting the individual's
 3 spouse or dependent child (other than a spouse or child with
 4 respect to whose support such order is used), fifty percent
 5 (50%) of such individual's disposable earnings for that week;
 6 and
 7 (2) where such individual is not supporting such a spouse or
 8 dependent child described in subdivision (1), sixty percent
 9 (60%) of such individual's disposable earnings for that week;
 10 except that, with respect to the disposable earnings of any
 11 individual for any workweek, the fifty percent (50%) specified in
 12 subdivision (1) shall be deemed to be fifty-five percent (55%) and
 13 the sixty percent (60%) specified in subdivision (2) shall be deemed
 14 to be sixty-five percent (65%), if and to the extent that such
 15 earnings are subject to garnishment or support withholding to
 16 enforce a support order with respect to a period which is prior to
 17 the twelve (12) week period which ends with the beginning of such
 18 workweek.

19 (d) No court may make, execute, or enforce an order or
 20 process in violation of this section.

21 (e) An employer who is required to make deductions from an
 22 individual's disposable earnings pursuant to a garnishment order
 23 or series of orders arising out of the same judgment debt
 24 (excluding a judgment for payment of child support) may collect,
 25 as a fee to compensate the employer for making these deductions,
 26 an amount equal to the greater of twelve dollars (\$12) or three
 27 percent (3%) of the total amount required to be deducted by the
 28 garnishment order or series of orders arising out of the same
 29 judgment debt. If the employer chooses to impose a fee, the fee
 30 shall be allocated as follows:

31 (1) One-half (1/2) of the fee shall be borne by the debtor, and
 32 that amount may be deducted by the employer directly from
 33 the employee's disposable earnings.

34 (2) One-half (1/2) of the fee shall be borne by the creditor,
 35 and that amount may be retained by the employer from the
 36 amount otherwise due the creditor.

37 The deductions made under this subsection for a collection fee do
 38 not increase the amount of the judgment debt for which the fee is
 39 collected for the purpose of calculating or collecting judgment
 40 interest. This fee may be collected by an employer only once for
 41 each garnishment order or series of orders arising out of the same
 42 judgment debt. The employer may collect the entire fee from one



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1 (1) or more of the initial deductions from the employee's disposable
 2 earnings. Alternatively, the employer may collect the fee ratably
 3 over the number of pay periods during which deductions from the
 4 employee's disposable earnings are required.

5 (f) The deduction of the garnishment collection fee under
 6 subsection (e)(1) or subsection (g) is not an assignment of wages
 7 under IC 22-2-6.

8 (g) An employer who is required to make a deduction from an
 9 individual's disposable earnings in accordance with a judgment for
 10 payment of child support may collect a fee of two dollars (\$2) each
 11 time the employer is required to make the deduction. The fee may
 12 be deducted by the employer from the individual's disposable
 13 earnings each time the employer makes the deduction for support.
 14 If the employer elects to deduct such a fee, the amount to be
 15 deducted for the payment of support must be reduced accordingly
 16 if necessary to avoid exceeding the maximum amount permitted to
 17 be deducted under subsection (c).

18 (h) A support withholding order takes priority over a
 19 garnishment order irrespective of their dates of entry or activation.
 20 If a person is subject to a support withholding order and a
 21 garnishment order, the garnishment order shall be honored only
 22 to the extent that disposable earnings withheld under the support
 23 withholding order do not exceed the maximum amount subject to
 24 garnishment as computed under subsection (b).

25 **Sec. 5.** No employer shall discharge an employee for the reason
 26 that a creditor or creditors of the employee has subjected or
 27 attempted to subject unpaid earnings of the employee to
 28 garnishment or like proceedings directed to the employer for the
 29 purpose of paying a judgment or judgments.

30 **Sec. 6. (a)** If it is the understanding of the creditor and the
 31 debtor at the time an extension of credit is made that delay in
 32 making repayment or failure to make repayment could result in
 33 the use of violence or other criminal means to cause harm to the
 34 person, reputation, or property of any person, the repayment of the
 35 extension of credit is unenforceable through civil judicial processes
 36 against the debtor.

37 (b) If it is shown that an extension of credit was made at an
 38 annual rate exceeding forty-five percent (45%) calculated
 39 according to the actuarial method and that the creditor then had
 40 a reputation for the use or threat of use of violence or other
 41 criminal means to cause harm to the person, reputation, or
 42 property of any person to collect extensions of credit or to punish



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1 the nonrepayment thereof, there is prima facie evidence that the
2 extension of credit was unenforceable under subsection (a).

3 **Sec. 7. (a)** With respect to a consumer credit sale, consumer
4 lease, or consumer loan, if the court as a matter of law finds the
5 agreement or any clause of the agreement to have been
6 unconscionable at the time it was made the court may refuse to
7 enforce the agreement, or it may enforce the remainder of the
8 agreement without the unconscionable clause, or it may so limit the
9 application of any unconscionable clause as to avoid any
10 unconscionable result.

11 (b) If it is claimed or appears to the court that the agreement
12 or any clause thereof may be unconscionable the parties shall be
13 afforded a reasonable opportunity to present evidence as to its
14 setting, purpose, and effect to aid the court in making the
15 determination.

16 (c) For the purpose of this section, a charge or practice
17 expressly permitted by this article is not in itself unconscionable.

18 **Sec. 8.** For purposes of the provisions on civil liability for
19 violation of disclosure provisions set forth in section 10 of this
20 chapter and on a debtor's right to rescind certain transactions set
21 forth in section 11 of this chapter a:

22 (1) consumer credit sale includes a sale that is a first lien
23 mortgage transaction if the sale is otherwise a consumer
24 credit sale; and

25 (2) consumer loan includes a loan that is a first lien mortgage
26 transaction if the loan is otherwise a consumer loan.

27 **Sec. 9. (a)** If a creditor has violated the provision of this article
28 applying to limitations on the schedule of payments or loan term
29 for supervised loans (IC [§](#)37-2-4-38), the debtor is not obligated to
30 pay the loan finance charge, and has a right to recover from the
31 person violating this article or from an assignee of that person's
32 rights who undertakes direct collection of payments or
33 enforcement of rights arising from the debt a penalty in an amount
34 determined by the court not in excess of three times the amount of
35 the loan finance charge. No action pursuant to this subsection may
36 be brought more than one (1) year after the due date of the last
37 scheduled payment of the agreement with respect to which the
38 violation occurred.

39 (b) If a creditor has violated the provisions of this article
40 applying to authority to make consumer loans (IC [§](#)37-2-4-23), the
41 loan is void and the debtor is not obligated to pay either the
42 principal or loan finance charge. If the debtor has paid any part of



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1 the principal or of the loan finance charge, the debtor has a right
 2 to recover the payment from the person violating this article or
 3 from an assignee of that person's rights who undertakes direct
 4 collection of payments or enforcement of rights arising from the
 5 debt. With respect to violations arising from loans made pursuant
 6 to revolving loan accounts, no action pursuant to this subsection
 7 may be brought more than two (2) years after the violation
 8 occurred. With respect to violations arising from other loans, no
 9 action pursuant to this subsection may be brought more than one
 10 (1) year after the due date of the last scheduled payment of the
 11 agreement pursuant to which the charge was paid.

12 (c) A debtor is not obligated to pay a charge in excess of that
 13 allowed by this article, and if the debtor has paid an excess charge
 14 the debtor has a right to a refund. A refund may be made by
 15 reducing the debtor's obligation by the amount of the excess
 16 charge. If the debtor has paid an amount in excess of the lawful
 17 obligation under the agreement, the debtor may recover the excess
 18 amount from the person who made the excess charge or from an
 19 assignee of that person's rights who undertakes direct collection of
 20 payments from or enforcement of rights against debtors arising
 21 from the debt.

22 (d) If a debtor is entitled to a refund and a person liable to the
 23 debtor refuses to make a refund within a reasonable time after
 24 demand, the debtor may recover from that person a penalty in an
 25 amount determined by a court not exceeding the greater of either
 26 the amount of the credit service or loan finance charge or ten (10)
 27 times the amount of the excess charge. If the creditor has made an
 28 excess charge in deliberate violation of or in reckless disregard for
 29 this article, the penalty may be recovered even though the creditor
 30 has refunded the excess charge. No penalty pursuant to this
 31 subsection may be recovered if a court has ordered a similar
 32 penalty assessed against the same person in a civil action by the
 33 department (IC 37-2-7-14). With respect to excess charges arising
 34 from sales made pursuant to revolving charge accounts or from
 35 loans made pursuant to revolving loan accounts, no action
 36 pursuant to this subsection may be brought more than two (2)
 37 years after the time the excess charge was made. With respect to
 38 excess charges arising from other consumer credit sales or
 39 consumer loans, no action pursuant to this subsection may be
 40 brought more than one (1) year after the due date of the last
 41 scheduled payment of the agreement pursuant to which the charge
 42 was made.



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1 (e) Except as otherwise provided, no violation of this article
2 impairs rights on a debt.

3 (f) If an employer discharges an employee in violation of the
4 provisions prohibiting discharge (section 5 of this chapter), the
5 employee may within six (6) months bring a civil action for
6 recovery of wages lost as a result of the violation and for an order
7 requiring the reinstatement of the employee. Damages recoverable
8 shall not exceed lost wages for six (6) weeks.

9 (g) If the creditor establishes by a preponderance of evidence
10 that a violation is unintentional or the result of a bona fide error,
11 no liability is imposed under subsections (a), (b), and (d) and the
12 validity of the transaction is not affected.

13 (h) In any case in which it is found that a creditor has violated
14 this article, the court may award reasonable attorney's fees
15 incurred by the debtor.

16 (i) The department may act on behalf of a debtor to enforce
17 the debtor's rights under this section against a creditor who is
18 licensed or registered with the department or is required to be
19 licensed or registered with the department.

20 Sec. 10. (a) Except as otherwise provided in this section, a
21 creditor who, in violation of the provisions on disclosure in
22 IC 37-2-3-13 and IC 37-2-4-14, fails to disclose information to a
23 person entitled to the information under this article is liable to that
24 person in an amount equal to the sum of:

- 25 (1) the following:
 - 26 (A) In the case of an individual action, twice the amount
 - 27 of the credit service or loan finance charge in connection
 - 28 with the transaction, but the liability pursuant to this
 - 29 subdivision shall be not less than one hundred dollars
 - 30 (\$100) nor more than one thousand dollars (\$1,000).
 - 31 (B) In the case of a class action, an amount the court
 - 32 allows, except that as to each member of the class no
 - 33 minimum recovery is applicable, and the total recovery
 - 34 under this subdivision in any class action or series of
 - 35 class actions arising out of the same failure to comply by
 - 36 the same creditor may not be more than the lesser of:
 - 37 (i) five hundred thousand dollars (\$500,000); or
 - 38 (ii) one percent (1%) of the net worth of the
 - 39 creditor.

40 (2) In the case of a successful action to enforce the liability
41 under subdivision (1), the costs of the action together with
42 reasonable attorney's fees as determined by the court. In

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1 determining the amount of the award in a class action, the
 2 court shall consider, among other relevant factors, the
 3 amount of any award granted under the Consumer Credit
 4 Protection Act (15 U.S.C. 1601 et seq.), the frequency and
 5 persistence of failures of compliance by the creditor, the
 6 resources of the creditor, the number of persons adversely
 7 affected, and the extent to which the creditor's failure of
 8 compliance was intentional.

9 (b) A creditor has no liability under this section if within sixty
 10 (60) days after discovering an error, and prior to the institution of
 11 an action under this section or the receipt of written notice of the
 12 error, the creditor notifies the person concerned of the error and
 13 makes whatever adjustments in the appropriate account are
 14 necessary to assure that the person will not be required to pay a
 15 credit service charge or loan finance charge in excess of the
 16 amount or percentage rate actually disclosed.

17 (c) A creditor may not be held liable in any action brought
 18 under this section for a violation of this article if the creditor shows
 19 by a preponderance of evidence that the violation was not
 20 intentional and resulted from a bona fide error notwithstanding
 21 the maintenance of procedures reasonably adapted to avoid the
 22 error.

23 (d) If there are multiple obligors in a consumer credit
 24 transaction or consumer lease, there may not be more than one (1)
 25 recovery of damages under subsection (a)(1) for one (1) violation
 26 of this article with respect to that consumer credit transaction or
 27 consumer lease.

28 (e) The multiple failure to disclose to any person any
 29 information required under this article to be disclosed in
 30 connection with a single account under an open end consumer
 31 credit plan, a single consumer credit sale, a consumer loan, a
 32 consumer lease, or another extension of consumer credit entitles
 33 that person to a single recovery under this section. However,
 34 continued failure to disclose after a recovery has been granted
 35 gives rise to rights to additional recoveries.

36 (f) Any action which may be brought under this section against
 37 the original creditor in any credit transaction involving a security
 38 interest in land may be maintained against any subsequent assignee
 39 of the original creditor where the assignee, its subsidiaries, or
 40 affiliates were in a continuing business relationship with the
 41 original creditor either at the time the credit was extended or at the
 42 time of the assignment, unless the assignment was involuntary, or



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1 the assignee shows by a preponderance of evidence that it did not
 2 have reasonable grounds to believe that the original creditor was
 3 engaged in violations of this article, and that it maintained
 4 procedures reasonably adapted to apprise it of the existence of the
 5 violations.

6 (g) No action pursuant to this section may be brought more
 7 than one (1) year after the date of the occurrence of the violations.

8 (h) In this section, creditor includes a person who in the
 9 ordinary course of business regularly extends or arranges for the
 10 extension of credit, or offers to arrange for the extension of credit.

11 Sec. 11. (a) A violation by a creditor of Section 125 of the
 12 Consumer Credit Protection Act concerning the debtor's right to
 13 rescind a transaction that is a consumer credit sale or a consumer
 14 loan constitutes a violation of this article. A creditor may not
 15 accrue interest during the period when a consumer loan may be
 16 rescinded under Section 125 of the Consumer Credit Protection
 17 Act (15 U.S.C. 1635).

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

- 20 (1) the date the creditor is reasonably satisfied that the
 21 consumer has not rescinded the transaction; or
 22 (2) the first business day after the expiration of the rescission
 23 period under subsection (a).

24 Sec. 12. Refunds or penalties to which the debtor is entitled
 25 pursuant to sections 8 through 11 of this chapter may be set off
 26 against the debtor's obligation, and may be raised as a defense to
 27 a suit on the obligation without regard to the time limitations
 28 prescribed by sections 8 through 11 of this chapter.

29 Sec. 13. (a) A lender who knowingly makes charges in excess
 30 of those permitted by the provisions of this article commits a Class
 31 A misdemeanor.

32 (b) A person who knowingly engages in the business of making
 33 consumer loans without a license in violation of the provisions of
 34 this article applying to authority to make consumer loans
 35 (IC 37-2-4-23 and IC 37-2-4-24) commits a Class A misdemeanor.

36 (c) A person who knowingly:

- 37 (1) engages in the business of making consumer credit sales,
 38 consumer leases, or consumer loans, or of taking assignments
 39 of rights against debtors; and
 40 (2) undertakes direct collection of payments or enforcement
 41 of these rights, without complying with the provisions of this
 42 article concerning notification (IC 37-2-7-25) or payment



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1 of fees (IC 37-2-7-26);
2 commits a Class A infraction.

3 Sec. 14. A person commits a Class A misdemeanor if the
4 person knowingly gives false or inaccurate information or fails to
5 provide information which the person is required to disclose under
6 the provisions of IC 37-2-3-13 or IC 37-2-4-14.

7 Chapter 7. Administration

8 Sec. 1. (a) Sections 1 through 16 of this chapter apply to
9 persons who:

10 (1) make or solicit consumer credit sales, consumer leases,
11 consumer loans, consumer related sales (as described in
12 IC 37-2-2-13.5), and consumer related loans (as described in
13 IC 37-2-2-13.3); or

14 (2) directly collect payments from or enforce rights against
15 debtors arising from sales, leases, or loans specified in
16 subsection (a), wherever they are made.

17 (b) For purposes of sections 1 through 16 of this chapter:

18 (1) "consumer credit sale" includes a sale that is a first lien
19 mortgage transaction if the sale is otherwise a consumer
20 credit sale; and

21 (2) "consumer loan" includes a loan that is a first lien
22 mortgage transaction if the loan is otherwise a consumer
23 loan.

24 Sec. 2. The division of consumer credit shall have charge of the
25 administration of this article.

26 Sec. 3. (a) In addition to other powers granted by this article,
27 the department within the limitations provided by law may:

28 (1) receive and act on complaints, take action designed to
29 obtain voluntary compliance with this article, or commence
30 proceedings on the department's own initiative;

31 (2) counsel persons and groups on their rights and duties
32 under this article;

33 (3) establish programs for the education of consumers with
34 respect to credit practices and problems;

35 (4) make studies appropriate to effectuate the purposes and
36 policies of this article and make the results available to the
37 public;

38 (5) adopt, amend, and repeal rules, orders, policies, and
39 forms to carry out the provisions of this article;

40 (6) maintain more than one (1) office within Indiana; and

41 (7) appoint any necessary attorneys, hearing examiners,
42 clerks, and other employees and agents and fix their



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1 compensation, and authorize attorneys appointed under this
2 section to appear for and represent the department in court.

3 (b) No liability is imposed under this article for an act done or
4 omitted in conformity with a rule, written notice, written opinion,
5 written interpretation, or written directive of the department
6 notwithstanding that after the act or omission the rule, written
7 notice, written opinion, written interpretation, or written directive
8 may be amended or repealed, or be determined by judicial or other
9 authority to be invalid for any reason.

10 Sec. 4. (a) With respect to depository institutions, the powers
11 of examination and investigation (section 5 of this chapter) and
12 administrative enforcement (section 9 of this chapter) shall be
13 exercised by the department. The department may, at its
14 discretion, accept any examination of any financial institution
15 made by a federal authority in lieu of the examination made under
16 the provisions of this article. All other powers of the department
17 under this article may be exercised by the director with respect to
18 a depository institution.

19 (b) If the department receives a complaint or other
20 information concerning noncompliance with this article by a
21 depository institution, the director shall inform the official or
22 agency having supervisory authority over the organization
23 concerned. The department may request information about
24 depository institutions from the officials or agencies supervising
25 them.

26 (c) The department and any official or agency of this state
27 having supervisory authority over a depository institution are
28 authorized and directed to consult and assist one another in
29 maintaining compliance with this article. They may jointly pursue
30 investigations, prosecute suits, and take other official action, as
31 they deem appropriate, if either of them otherwise is empowered
32 to take the action.

33 Sec. 5. (a) In administering this article and in order to
34 determine whether the provisions of this article are being complied
35 with by persons engaging in acts subject to this article, the
36 department may examine the records of persons and may make
37 investigations of persons as may be necessary to determine
38 compliance. Records subject to examination under this section
39 include the following:

40 (1) Training, operating, and policy manuals.

41 (2) Minutes of:

42 (A) management meetings; and



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- 1 (B) other meetings.
- 2 (3) Other records that the department determines are
3 necessary to perform its investigation or examination.
- 4 The department may also administer oaths or affirmations,
5 subpoena witnesses, and compel the attendance of witnesses,
6 including directors, executive officers, managers, principals,
7 mortgage loan originators, employees, independent contractors,
8 agents, and customers of the licensee, individual, or person subject
9 to this article. The department may also adduce evidence, and
10 require the production of any matter which is relevant to the
11 investigation. The department shall determine the sufficiency of the
12 records maintained and whether the person has made the required
13 information reasonably available. The records pertaining to any
14 transaction subject to this article shall be retained for two (2) years
15 after making the final entry relating to the consumer credit
16 transaction, but in the case of a revolving loan account or revolving
17 charge account, the two (2) years is measured from the date of each
18 entry.
- 19 (b) The department's examination and investigatory authority
20 under this article includes the following:
- 21 (1) The authority to require a creditor to refund overcharges
22 resulting from the creditor's noncompliance with the terms
23 of consumer credit sales, consumer leases, or consumer
24 loans.
- 25 (2) The authority to require a creditor to comply with the
26 prepayment penalty provisions set forth in IC 37-2-4-12.
- 27 (3) The authority to investigate complaints filed with the
28 department by debtors.
- 29 (c) If the department:
- 30 (1) investigates; or
31 (2) examines the books and records of;
- 32 a person that is subject to sections 24 through 26 of this chapter,
33 the person shall pay all reasonably incurred costs of the
34 investigation or examination in accordance with the fee schedule
35 adopted by the department under IC 28-11-3-5. However, the
36 person is liable for the costs of an investigation or examination
37 under this subsection only to the extent that the costs exceed the
38 amount of the filing fees paid most recently under section 26 of this
39 chapter. Any costs required to be paid under this section shall be
40 paid not later than sixty (60) days after the person receives a notice
41 from the department of the costs being assessed. The department
42 may impose a fee, in an amount fixed by the department under

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1 IC 28-11-3-5, for each day that the assessed costs are not paid,
2 beginning on the first day after the sixty (60) day period described
3 in this subsection.

4 (d) The department shall be given free access to the records
5 wherever located. In making any examination or investigation
6 authorized by this article, the director may control access to any
7 documents and records of the licensee or person under
8 examination or investigation. The director may take possession of
9 the documents and records or place a person in exclusive charge of
10 the documents and records in the place where the documents are
11 usually kept. During the period of control, the licensee or person
12 may not remove or attempt to remove any of the documents and
13 records except under a court order or with the consent of the
14 director. Unless the director has reasonable grounds to believe the
15 documents or records of the licensee or person have been, or are,
16 at risk of being altered or destroyed for purposes of concealing a
17 violation of this article, the licensee or person being examined or
18 investigated is entitled to access to the documents or records as
19 necessary to conduct the licensee's or person's ordinary business
20 affairs. If the person's records are located outside Indiana, the
21 records shall be made available to the department at a convenient
22 location within Indiana, or the person shall pay the reasonable and
23 necessary expenses for the department or its representative to
24 examine them where they are maintained. The department may
25 designate comparable officials of the state in which the records are
26 located to inspect them on behalf of the department.

27 (e) Upon a person's failure without lawful excuse to obey a
28 subpoena or to give testimony and upon reasonable notice to all
29 affected persons, the department may apply to any civil court with
30 jurisdiction for an order compelling compliance.

31 (f) The department shall not make public the name or identity
32 of a person whose acts or conduct the department investigates
33 pursuant to this section or the facts disclosed in the investigation,
34 but this subsection does not apply to disclosures in actions or
35 enforcement proceedings pursuant to this article.

36 (g) To discover violations of this article or to secure
37 information necessary for the enforcement of this article, the
38 department may investigate any:

39 (1) licensee or registrant; or

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

41 (A) without a license or registration, when a license or
42 registration is required under this article; or



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1 (B) otherwise in violation of this article.

2 The department has all investigatory and enforcement authority
3 under this article that the department has under IC 28-11 with
4 respect to financial institutions. If the department conducts an
5 investigation under this section, the licensee, registrant, or other
6 person investigated shall pay all reasonably incurred costs of the
7 investigation in accordance with the fee schedule adopted under
8 IC 28-11-3-5. Any costs required to be paid under this section shall
9 be paid not later than sixty (60) days after the person receives a
10 notice from the department of the costs being assessed. The
11 department may impose a fee, in an amount fixed by the
12 department under IC 28-11-3-5, for each day that the assessed
13 costs are not paid, beginning on the first day after the sixty (60)
14 day period described in this subsection.

15 (h) If a creditor contracts with an outside vendor to provide a
16 service that would otherwise be undertaken internally by the
17 creditor and be subject to the department's routine examination
18 procedures, the person that provides the service to the creditor
19 shall, at the request of the director, submit to an examination by
20 the department. If the director determines that an examination
21 under this subsection is necessary or desirable, the examination
22 may be made at the expense of the person to be examined. If the
23 person to be examined under this subsection refuses to permit the
24 examination to be made, the director may order any creditor that
25 is licensed by the department and that receives services from the
26 person refusing the examination to:

- 27 (1) discontinue receiving one (1) or more services from the
28 person; or
29 (2) otherwise cease conducting business with the person.

30 Sec. 6. To carry out the purposes of this chapter, the director
31 may:

- 32 (1) retain attorneys, accountants, or other professionals and
33 specialists as examiners, auditors, or investigators to conduct
34 or assist in the conduct of examinations or investigations;
35 (2) enter into agreements or relationships with other
36 government officials or regulatory associations to improve
37 efficiencies and reduce regulatory burden by sharing:
38 (A) resources;
39 (B) standardized or uniform methods or procedures;
40 and
41 (C) documents, records, information, or evidence
42 obtained under this section;



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- 1 (3) use, hire, contract, or employ public or privately
- 2 available analytical systems, methods, or software to
- 3 examine or investigate a licensee, an individual, or a person
- 4 subject to this article;
- 5 (4) accept and rely on examination or investigation reports
- 6 made by other government officials, in or outside Indiana;
- 7 (5) accept audit reports made by an independent certified
- 8 public accountant for the licensee, individual, or person
- 9 subject to this article in the course of that part of the
- 10 examination covering the same general subject matter as the
- 11 audit and may incorporate the audit report in the report of
- 12 the examination, report of investigation, or other writing of
- 13 the director; and
- 14 (6) use, hire, contract, or employ public or privately
- 15 available analytical systems, methods, software, or
- 16 technology solutions to enable the department to capture and
- 17 examine transaction level activity to:
- 18 (A) verify and oversee compliance with; and
- 19 (B) enforce;
- 20 all state law concerning a small loan regulated under
- 21 IC 37-3.

22 Sec. 7. Except as otherwise provided, IC 4-21.5-3 governs all
 23 agency action taken by the department under this chapter or
 24 IC 37-2-4-22 through IC 37-2-4-39. All proceedings for
 25 administrative review under IC 4-21.5-3 or judicial review under
 26 IC 4-21.5-5 shall be held in Marion County. The provisions of
 27 IC 4-22-2 prescribing procedures for the adoption of rules by
 28 agencies apply to the adoption of rules by the department of
 29 financial institutions under this article.

30 Sec. 8. It is a violation of this article for a person or individual
 31 subject to this article to:

- 32 (1) directly or indirectly employ any scheme, device, or
- 33 artifice to defraud or mislead borrowers or lenders or to
- 34 defraud any person;
- 35 (2) engage in any unfair or deceptive practice toward any
- 36 person;
- 37 (3) obtain property by fraud or misrepresentation;
- 38 (4) solicit or enter into a contract with a borrower that
- 39 provides in substance that the person or individual subject to
- 40 this article may earn a fee or commission through "best
- 41 efforts" to obtain a loan even though no loan is actually
- 42 obtained for the borrower;

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- 1 **(5) solicit, advertise, or enter into a contract for specific**
- 2 **interest rates, points, or other financing terms unless the**
- 3 **terms are actually available at the time of soliciting,**
- 4 **advertising, or contracting;**
- 5 **(6) conduct any business covered by this article without**
- 6 **holding a valid license as required under this article, or assist**
- 7 **or aid and abet any person in the conduct of business under**
- 8 **this article without a valid license as required under this**
- 9 **article;**
- 10 **(7) fail to make disclosures as required by this article and**
- 11 **any other applicable state or federal law, including**
- 12 **regulations under that law;**
- 13 **(8) fail to comply with this article or rules adopted under this**
- 14 **article, or fail to comply with any other state or federal law,**
- 15 **rule, or regulation, applicable to any business authorized or**
- 16 **conducted under this article;**
- 17 **(9) make, in any manner, any false or deceptive statement or**
- 18 **representation, including, with regard to the rates, points, or**
- 19 **other financing terms or conditions for a mortgage**
- 20 **transaction, or engage in bait and switch advertising;**
- 21 **(10) negligently make any false statement or knowingly and**
- 22 **willfully make any omission of material fact in connection**
- 23 **with any information or reports filed with a governmental**
- 24 **agency or the NMLSR or in connection with any**
- 25 **investigation conducted by the director or another**
- 26 **governmental agency;**
- 27 **(11) make any payment, threat, or promise, directly or**
- 28 **indirectly, to any person for the purposes of influencing the**
- 29 **independent judgment of the person in connection with a**
- 30 **mortgage transaction, or make any payment, threat, or**
- 31 **promise, directly or indirectly, to any appraiser of a**
- 32 **property, for the purposes of influencing the independent**
- 33 **judgment of the appraiser with respect to the value of the**
- 34 **property;**
- 35 **(12) collect, charge, attempt to collect or charge, or use or**
- 36 **propose any agreement purporting to collect or charge any**
- 37 **fee prohibited by this article;**
- 38 **(13) cause or require a borrower to obtain property**
- 39 **insurance coverage in an amount that exceeds the**
- 40 **replacement cost of the improvements as established by the**
- 41 **property insurer;**
- 42 **(14) fail to account truthfully for money belonging to a party**

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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
printed. By stipulation of all parties to the review proceeding, the
record may be shortened. After hearing 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 on the whole record;
- (2) grant any temporary relief or restraining order it deems
just; and
- (3) enter an order enforcing, modifying, and enforcing as
modified, or setting aside in whole or in part the order of the
department, or 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 adducing additional specified and material evidence and
seeking finding thereon upon good cause shown for the failure to
adduce this evidence before the department.

(d) The jurisdiction of the court shall be exclusive and its final
judgment or decree shall be subject to review by the court 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.

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1 (e) A proceeding for review under this section must be
 2 initiated within thirty (30) days after a copy of the order of the
 3 department is received. If no proceeding is so initiated, the
 4 department may obtain a decree of the civil court for enforcement
 5 of its order upon a showing that an order was issued in compliance
 6 with this section, that no proceeding for review was initiated within
 7 thirty (30) days after copy of the order was received, and that the
 8 respondent is subject to the jurisdiction of the court.

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

13 Sec. 10. If it is claimed that a person has engaged in conduct
 14 subject to an order by the department under section 9 of this
 15 chapter or by a court under sections 11 through 13 of this chapter,
 16 the department may accept an assurance in writing that the person
 17 will not engage in the conduct in the future. If a person giving an
 18 assurance of discontinuance fails to comply with its terms, the
 19 assurance is evidence that prior to the assurance the person
 20 engaged in the conduct described in the assurance.

21 Sec. 11. The department may bring a civil action to restrain a
 22 person from violating this article or another state or federal law or
 23 regulation, and for other appropriate relief.

24 Sec. 12. (a) The department may bring a civil action to restrain
 25 a creditor or a person acting in behalf of a creditor from engaging
 26 in a course of:

27 (1) making or enforcing unconscionable terms or provisions
 28 of consumer credit sales, consumer leases, or consumer
 29 loans;

30 (2) fraudulent or unconscionable conduct in inducing debtors
 31 to enter into consumer credit sales, consumer leases, or
 32 consumer loans; or

33 (3) fraudulent or unconscionable conduct in the collection of
 34 debts arising from consumer credit sales, consumer leases, or
 35 consumer loans.

36 (b) In an action brought pursuant to this section the court may
 37 grant relief only if it finds:

38 (1) that the respondent has made unconscionable agreements
 39 or has engaged or is likely to engage in a course of fraudulent
 40 or unconscionable conduct;

41 (2) that the agreements or conduct of the respondent has
 42 caused or is likely to cause injury to consumers; and



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1 (3) that the respondent has been able to cause or will be able
2 to cause the injury primarily because the transactions
3 involved are credit transactions.

4 (c) In applying this section, consideration shall be given to each
5 of the following factors, among others:

6 (1) belief by the creditor at the time consumer credit sales,
7 consumer leases, or consumer loans are made that there was
8 no reasonable probability of payment in full of the obligation
9 by the debtor;

10 (2) in the case of consumer credit sales or consumer leases,
11 knowledge by the seller or lessor at the time of the sale or
12 lease of the inability of the buyer or lessee to receive
13 substantial benefits from the property or services sold or
14 leased;

15 (3) in the case of consumer credit sales or consumer leases,
16 gross disparity between the price of the property or services
17 sold or leased and the value of the property or services
18 measured by the price at which similar property or services
19 are readily obtainable in credit transactions by like buyers
20 or lessees;

21 (4) the fact that the creditor contracted for or received
22 separate charges for insurance with respect to consumer
23 credit sales or consumer loans with the effect of making the
24 sales or loans, considered as a whole, unconscionable; and

25 (5) the fact that the respondent has knowingly taken
26 advantage of the inability of the debtor reasonably to protect
27 the debtor's interests by reason of physical or mental
28 infirmities, ignorance, illiteracy or inability to understand
29 the language of the agreement, or similar factors.

30 (d) In an action brought pursuant to this section, a charge or
31 practice expressly permitted by this article is not in itself
32 unconscionable.

33 Sec. 13. With respect to an action brought to enjoin violations
34 of this article under section 11 of this chapter or unconscionable
35 agreements or fraudulent or unconscionable conduct under section
36 12 of this chapter, the department may apply to the court for
37 appropriate temporary relief against a respondent, pending final
38 determination of proceedings. If the court finds after a hearing
39 held upon notice to the respondent that there is reasonable cause
40 to believe that the respondent is engaging in or is likely to engage
41 in conduct sought to be restrained, it may grant any temporary
42 relief or restraining order it deems appropriate.

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1 **Sec. 14. (a) After demand, the department may bring a civil**
2 **action against a creditor for making or collecting charges in excess**
3 **of those permitted by this article. An action may relate to**
4 **transactions with more than one debtor. If it is found that an excess**
5 **charge has been made, the court shall order the respondent to**
6 **refund to the debtor or debtors the amount of the excess charge. If**
7 **a creditor has made an excess charge in deliberate violation of or**
8 **in reckless disregard for this article, or if a creditor has refused to**
9 **refund an excess charge within a reasonable time after demand by**
10 **the debtor or the department, the court may also order the**
11 **respondent to pay to the debtor or debtors a civil penalty in an**
12 **amount determined by the court not in excess of the greater of**
13 **either the amount of the credit service or loan finance charge or**
14 **ten (10) times the amount of the charge. Refunds and penalties to**
15 **which the debtor is entitled pursuant to this subsection may be set**
16 **off against the debtor's obligation. If a debtor brings an action**
17 **against a creditor to recover an excess charge or civil penalty, an**
18 **action by the department to recover for the same excess charge or**
19 **civil penalty shall be stayed while the debtor's action is pending**
20 **and shall be dismissed if the debtor's action is dismissed with**
21 **prejudice or results in a final judgment granting or denying the**
22 **debtor's claim. With respect to excess charges arising from sales**
23 **made pursuant to revolving charge accounts or from loans made**
24 **pursuant to revolving loan accounts, no action pursuant to this**
25 **subsection may be brought more than two (2) years after the time**
26 **the excess charge was made. With respect to excess charges arising**
27 **from other consumer credit sales or consumer loans, no action**
28 **pursuant to this subsection may be brought more than one (1) year**
29 **after the due date of the last scheduled payment of the agreement**
30 **pursuant to which the charge was made. If the creditor establishes**
31 **by a preponderance of evidence that a violation is unintentional or**
32 **the result of a bona fide error, no liability to pay a penalty shall be**
33 **imposed under this subsection.**

34 **(b) The department may bring a civil action against a creditor**
35 **or a person acting in the creditor's behalf to recover a civil penalty**
36 **for willfully violating this article, and if the court finds that the**
37 **defendant has engaged in a course of repeated and willful**
38 **violations of this article, it may assess a civil penalty of no more**
39 **than five thousand dollars (\$5,000). No civil penalty pursuant to**
40 **this subsection may be imposed for violations of this article**
41 **occurring more than two (2) years before the action is brought or**
42 **for making unconscionable agreements or engaging in a course of**

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1 **fraudulent or unconscionable conduct.**

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

7 **Sec. 15. The grant of powers to the department in this article**
 8 **does not affect remedies available to debtors under this article or**
 9 **under other principles of law or equity.**

10 **Sec. 16. The department may bring actions or proceedings in**
 11 **a court in a county in which an act on which the action or**
 12 **proceeding is based occurred or in a county in which respondent**
 13 **resides or transacts business or in a county otherwise authorized**
 14 **by rule or venue laws.**

15 **Sec. 17. (a) Subject to subsection (b), if the director determines**
 16 **that a director, an officer, or a manager of a creditor:**

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

22 **(2) has committed fraudulent or unconscionable conduct; or**

23 **(3) has been convicted of a felony under the laws of Indiana**
 24 **or any other jurisdiction;**

25 **the director may issue and serve upon the person a notice of**
 26 **charges and of the director's intent to issue an order removing the**
 27 **person from the person's office or employment, an order**
 28 **prohibiting participation by the person in the conduct of the affairs**
 29 **of any creditor, or an order both removing the person and**
 30 **prohibiting the person's participation.**

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

34 **(1) The interests of the creditor's customers could be**
 35 **seriously prejudiced by reason of the violation, practice, or**
 36 **breach.**

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

41 **(3) The violation, practice, or breach demonstrates a willful**
 42 **or continuing disregard by the officer, director, or manager**



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1 for state or federal law and regulations, and for the
2 consumer protections contained in this article.

3 (c) Subject to subsections (a) and (b), a person who has been
4 convicted of a felony under the laws of Indiana or any other
5 jurisdiction may not serve as an officer, a director, or a manager
6 of a creditor, or serve in any similar capacity, unless the person
7 obtains the written consent of the director.

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

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

15 (1) violating this article or other laws, regulations, rules, or
16 industry standards of conduct applicable to consumer credit
17 transactions; or

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

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

23 Sec. 18. (a) A notice issued under section 17 of this chapter
24 must:

25 (1) be in writing;

26 (2) contain a statement of:

27 (A) the facts constituting the alleged violation, practice,
28 or breach;

29 (B) the facts alleged in support of the violation, practice,
30 or breach; and

31 (C) the director's intention to issue an order under
32 section 20(a) of this chapter;

33 (3) be delivered to the board of directors of the creditor;

34 (4) be delivered to the officer, director, or manager to which
35 the notice applies;

36 (5) specify the procedures that must be followed to initiate a
37 hearing to contest the alleged violation, practice, or breach;
38 and

39 (6) if the director suspends or prohibits the officer, director,
40 or manager from participation in the affairs of the creditor
41 as described under subsection (e), contain a statement of the
42 suspension or prohibition.



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1 (b) If a hearing is requested not later than ten (10) days after
 2 service of the notice described under subsection (a), the
 3 department shall hold a hearing concerning the alleged violation,
 4 practice, or breach. The hearing shall be held not later than
 5 forty-five (45) days after receipt of the request. The department,
 6 based on the evidence presented at the hearing, shall enter a final
 7 order in accordance with section 20 of this chapter.

8 (c) If no hearing is requested within the period of time
 9 specified in subsection (b), the director may proceed to issue a final
 10 order under section 20 of this chapter on the basis of the facts set
 11 forth in the notice described under subsection (a).

12 (d) An officer, a director, or a manager of a creditor who is
 13 removed from a position under a removal order under section 20
 14 of this chapter that has become final may not, without the approval
 15 of the director, participate in the conduct of the affairs of a licensee
 16 described under IC 37-2-4.

17 (e) The director may, for the protection of the creditor or the
 18 interests of the creditor's customers, suspend from office or
 19 prohibit from participation in the affairs of the creditor an officer,
 20 a director, or a manager of a creditor who is the subject of a
 21 written notice served by the director under section 17(a) of this
 22 chapter. A suspension or prohibition under this subsection becomes
 23 effective upon service of the notice under section 17(a) of this
 24 chapter. Unless stayed by a court in a proceeding authorized by
 25 subsection (f), the suspension or prohibition remains in effect
 26 pending completion of the proceedings related to the notice served
 27 under section 17(a) of this chapter and until the effective date of an
 28 order entered by the department under subsection (b) or the
 29 director under subsection (c). If the director suspends or prohibits
 30 participation of an officer, a director, or a manager under this
 31 subsection, copies of the notice shall also be served upon the
 32 creditor or affiliate of which the person is an officer, a director, or
 33 a manager.

34 (f) Not more than fifteen (15) days after an officer, a director,
 35 or a manager has been suspended from office or prohibited from
 36 participation in the conduct of the affairs of the creditor or affiliate
 37 under subsection (e), the officer, director, or manager may apply
 38 to a court having jurisdiction for a stay of the suspension or
 39 prohibition pending completion of the proceedings related to the
 40 notice served under section 17(a) of this chapter. The court may
 41 stay a suspension of prohibition of the officer, director, or
 42 manager.



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

3 Sec. 19. If the director enters into a consent to a final order
4 with a director, an officer, or a manager, the director is not
5 required to issue and serve a notice of charges upon the director,
6 officer, or manager under section 17 of this chapter. A consent
7 agreement may be negotiated and entered into before or after the
8 issuance of a notice of charges. The director shall provide a copy
9 of the consent order to the board of directors of the creditor.

10 Sec. 20. (a) Subject to section 18 of this chapter, if, after a
11 hearing described in section 18(b) of this chapter, the department
12 determines that a director, an officer, or a manager of a creditor
13 has committed an act described in section 17 of this chapter, the
14 department may issue a final order. If a hearing is not requested
15 within the time specified in section 18(b) of this chapter, the
16 director may issue a final order on the basis of the facts set forth
17 in the written notice served under section 18(a) of this chapter.

18 (b) Unless the director has entered into a consent agreement
19 described in section 19 of this chapter, a final order must include
20 separately stated findings of fact and conclusions of law for all
21 aspects of the order.

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

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

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

31 (3) If the subject of the order is an officer or a director of a
32 creditor, and subject to section 22 of this chapter, the
33 imposition of a civil penalty not to exceed fifteen thousand
34 dollars (\$15,000) for each practice, violation, or act that:

35 (A) is described in section 17 of this chapter; and

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

37 (d) A final order shall be issued in writing not later than ninety
38 (90) days after conclusion of a hearing held under section 18(b) of
39 this chapter, unless this period is waived or extended with the
40 written consent of all parties or for good cause shown.

41 (e) If the officer, director, or manager does not appear
42 individually or by an authorized representative at a hearing held



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1 under section 18(b) of this chapter, the officer, director, or
 2 manager is considered to have consented to the issuance of a final
 3 order.

4 (f) The director may keep a final order confidential if the
 5 director determines that the immediate release of the order would
 6 endanger the stability of the creditor. However, after two (2) years
 7 following the date that an order is issued, a final order is no longer
 8 confidential.

9 (g) The remedies provided in this chapter are in addition to
 10 other remedies contained in this article.

11 Sec. 21. (a) A final order issued under section 20 of this
 12 chapter is effective the eleventh day after the date the order is
 13 served. However, a final order issued upon consent under section
 14 19 of this chapter is effective at the time specified in the order.

15 (b) A final order remains effective and enforceable as provided
 16 in the order.

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

19 Sec. 22. (a) The director or the department, as appropriate,
 20 shall consider the following factors in determining the amount of
 21 a civil penalty that should be assessed against a director or an
 22 officer under section 20(c)(3) of this chapter:

23 (1) The appropriateness of the civil penalty with respect to
 24 the financial resources and good faith of the individual
 25 charged.

26 (2) The gravity of the practice, violation, or breach.

27 (3) The history of previous practices, violations, or breaches.

28 (4) The economic benefit derived by the individual from the
 29 practice, violation, or breach.

30 (5) Other factors that justice requires.

31 (b) A creditor may not indemnify a director or an officer for
 32 a civil penalty imposed against the director or officer under this
 33 section.

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

36 Sec. 23. The director may enforce any of the following by
 37 applying for appropriate relief to a court having jurisdiction:

38 (1) An order issued under section 19 or 20 of this chapter.

39 (2) A written agreement entered into by the director or the
 40 department and a director, an officer, or a manager of a
 41 creditor.

42 (3) Any condition imposed in writing by the director or the



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1 department on a director, an officer, or a manager of a
2 creditor.

3 **Sec. 24. (a) This section and sections 25 and 26 of this chapter**
4 **apply to a person, including a depository institution, but not**
5 **including a collection agency licensed under IC 25-11-1, engaged**
6 **in Indiana in any of the following:**

7 (1) Making consumer credit sales, consumer leases, or
8 consumer loans.

9 (2) Taking assignments of rights against debtors that arise
10 from sales, leases, or loans by a person having an office or a
11 place of business in Indiana.

12 (3) Undertaking direct collection of payments from the
13 debtors or enforcement of rights against the debtors.

14 (4) Placing consumer credit insurance, receiving
15 commissions for consumer credit insurance, or acting as a
16 limited line credit insurance producer in the sale of
17 consumer credit insurance.

18 (5) Selling insurance or other benefits, the charges for which
19 are approved by the department as additional charges under
20 IC 37-2-3-5 or IC 37-2-4-5.

21 (b) This section and sections 25 and 26 of this chapter are not
22 applicable to a seller whose credit sales consist entirely of sales
23 made pursuant to a seller credit card issued by a person other than
24 the seller if the issuer of the card has complied with the provisions
25 of this section and sections 25 and 26 of this chapter.

26 (c) This section and sections 25 and 26 of this chapter apply to
27 a seller whose credit sales are made using credit cards that:

28 (1) are issued by a lender;

29 (2) are in the name of the seller; and

30 (3) can be used by the buyer or lessee only for purchases or
31 leases at locations of the named seller.

32 **Sec. 25. (a) Persons that are subject to this section and sections**
33 **24 and 26 of this chapter shall file notification with the department**
34 **within thirty (30) days after commencing business in Indiana and**
35 **thereafter on an annual basis, on the date set forth in subsection**

36 (b). The notification shall state the:

37 (1) name of the person;

38 (2) name in which business is transacted if different from
39 subdivision (1);

40 (3) address of principal office, which may be outside Indiana;
41 and

42 (4) address of all offices or retail stores, if any, in Indiana at



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1 which consumer credit sales, consumer leases, or consumer
2 loans are made, or in the case of a person taking assignments
3 of obligations, the offices or places of business within Indiana
4 at which business is transacted.

5 (b) A person required to be licensed under this article shall file
6 the notification required by subsection (a) not later than December
7 31 of each year. All other persons subject to this section shall file
8 the notification required by subsection (a) not later than January
9 31 of each year.

10 (c) Persons subject to sections 24 and 26 of this chapter and
11 this section shall notify the department not later than thirty (30)
12 days after the person:

- 13 (1) has a change in name, address, or principals;
- 14 (2) opens a new branch, closes an existing branch, or
- 15 relocates an existing branch;
- 16 (3) files for bankruptcy or reorganization;
- 17 (4) is notified that the person is subject to revocation or
- 18 suspension proceedings by a state or governmental authority
- 19 with regard to the person's activities; or
- 20 (5) has been convicted of a felony involving fraud, deceit, or
- 21 misrepresentation under the laws of Indiana or any other
- 22 jurisdiction.

23 Sec. 26. (a) Persons required to file notification who are sellers,
24 lessors, or lenders shall pay a fee in an amount and at intervals to
25 be prescribed by the director under IC 28-11-3-5. The fee shall be
26 a set amount for each one hundred thousand dollars (\$100,000), or
27 part thereof, in excess of one hundred thousand dollars (\$100,000),
28 of the original unpaid balances arising from consumer credit sales,
29 consumer leases, and consumer loans made in Indiana and held
30 either by the seller, lessor, or lender for more than thirty (30) days
31 after the inception of the sale, lease, or loan giving rise to the
32 obligations, or by an assignee who has not filed notification. A
33 refinancing of a sale, lease, or loan resulting in an increase in the
34 amount of an obligation is a new sale, lease, or loan to the extent of
35 the increase. In prescribing the fee, the department shall consider
36 the costs and expense incurred or estimated to be incurred by the
37 department in the administration of this article, including, but not
38 limited to, the supervision, regulation, and examination of persons
39 subject to the provisions of the article.

40 (b) Persons required to file notification who are assignees shall
41 pay a fee as prescribed and fixed by the department under
42 subsection (a) on the unpaid balances at the time of the assignment

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1 of obligations arising from consumer credit sales, consumer leases,
2 and consumer loans made in Indiana taken by assignment during
3 the preceding calendar year, but an assignee need not pay a fee
4 with respect to an obligation on which the assignor or other person
5 has already paid a fee.

6 (c) Persons required to file notification who are assignors shall
7 pay a fee as prescribed by the department under subsection (a) on
8 the unpaid balances at the time of the assignment of obligations
9 arising from consumer credit sales, consumer leases, and consumer
10 loans made in Indiana during the preceding calendar year unless
11 the assignee has already paid the fees.

12 (d) Persons required to renew a license under IC 37-2-4-31
13 may deduct the fees paid under IC 37-2-4-26(h)(2) and
14 IC 37-2-4-26(h)(3), as applicable, from fees paid under this section.

15 (e) A person that is required to file notification under section
16 25 of this chapter shall pay a fee at the same rate as prescribed and
17 fixed by the department under subsection (a) on the original
18 unpaid balances of all closed end credit obligations originating
19 from the person's place of business during the time preceding the
20 notification as specified under subsection (a), unless the fees for the
21 obligations have been paid by another person.

22 Sec. 27. IC 37-2-4-23 and sections 24 through 26 of this chapter
23 are not applicable to services performed by attorneys.

24 ARTICLE 3. SMALL LOANS

25 Chapter 1. General Provisions

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

29 Sec. 0.3. A contract entered into in accordance with
30 IC 24-4.5-7 (before its repeal) is considered a contract entered into
31 in accordance with this article.

32 Sec. 0.5. Any document, website, or business communication
33 created in accordance with IC 24-4.5-7 (before its repeal) is
34 considered a document, website, or business communication
35 created in accordance with this article.

36 Sec.] 1. (a) Except as otherwise provided, all provisions of
37 IC 37-2 applying to consumer loans, including IC 37-2-4-25, apply
38 to small loans.

39 (b) Subject to section 4 of this chapter, a person may not
40 regularly engage in Indiana in any of the following actions unless
41 the department first issues to the person a license under this
42 article:



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- 1 (1) The making of small loans.
 2 (2) Taking assignments of small loans.
 3 (3) Undertaking the direct collection of payments from or the
 4 enforcement of rights against debtors arising from small
 5 loans.
 6 (c) Subject to section 4 of this chapter, a person that seeks
 7 licensure under this article:
 8 (1) shall apply to the department for a license in the form
 9 and manner prescribed by the department; and
 10 (2) is subject to the same licensure requirements and
 11 procedures as an applicant for a license to make consumer
 12 loans (other than mortgage transactions) under IC 37-2-4-23.
 13 (d) A person that seeks to make, take assignments of, or
 14 undertake the direct collection of payments from or the
 15 enforcement of rights against debtors arising from both:
 16 (1) small loans under this chapter; and
 17 (2) consumer loans (other than mortgage transactions) that
 18 are not small loans;
 19 must obtain a separate license from the department for each type
 20 of loan, as described in IC 37-2-4-23(e).
 21 Sec. 2. This article applies to:
 22 (1) a lender;
 23 (2) a bank, savings association, credit union, or other state or
 24 federally regulated financial institution except those that are
 25 specifically exempt regarding limitations on interest rates
 26 and fees; or
 27 (3) a person, if the department determines that a transaction
 28 is:
 29 (A) in substance a disguised loan; or
 30 (B) the application of subterfuge for the purpose of
 31 avoiding this chapter.
 32 Sec. 3. A loan that:
 33 (1) does not qualify as a small loan under IC 37-3-2-10;
 34 (2) is for a term shorter than that specified in IC 37-3-3-5(a);
 35 or
 36 (3) is made in violation of section IC 37-3-3-2, IC 37-3-3-5,
 37 IC 37-3-3-6, IC 37-3-3-8, or IC 37-3-3-12;
 38 is subject to this article. The department may conform the loan
 39 finance charge for a loan described in this section to the limitations
 40 set forth in IC 37-2-4-35(b).
 41 Sec. 4. Notwithstanding IC 37-2-2, for purposes of section 1(b)
 42 of this chapter, a person "regularly engages" in any of the

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1 activities described in section 1(b) of this chapter with respect to a
2 small loan if the person:

3 (1) performed any of the activities described in section 1(b)
4 of this chapter with respect to a small loan at least one (1)
5 time in the preceding calendar year; or

6 (2) performs or will perform any of the activities described
7 in section 1(b) of this chapter with respect to a small loan at
8 least one (1) time in the current calendar year if the person
9 did not perform any of the activities described in section 1(b)
10 of this chapter with respect to a small loan at least one (1)
11 time in the preceding calendar year.

12 **Chapter 2. Definitions**

13 **Sec. 1. Except as otherwise provided, the definitions set forth**
14 **in IC 37-2-2 apply throughout this article.**

15 **Sec. 2. The definitions set forth in this chapter apply**
16 **throughout this article.**

17 **Sec. 3. "Check" has the meaning set forth in IC 26-1-3.1-104.**

18 **Sec. 4. "Consecutive small loan" means a new small loan**
19 **agreement that the lender enters with the same borrower not later**
20 **than seven (7) calendar days after a previous small loan made to**
21 **that borrower is paid in full.**

22 **Sec. 5. "Lender" means a person that acquires and retains a**
23 **license issued by the department of financial institutions under this**
24 **chapter to engage in small loans.**

25 **Sec. 6. "Monthly gross income" means the income received by**
26 **the borrower in the thirty (30) day period preceding the**
27 **borrower's application for a small loan under this chapter and**
28 **exclusive of any income other than regular gross pay received, or**
29 **as otherwise determined by the department.**

30 **Sec. 7. "Paid in full" means the termination of a small loan**
31 **through:**

32 (1) the presentment of the borrower's check for payment by
33 the drawee bank or the exercise by the lender of an
34 authorization to debit an account of the borrower; or

35 (2) the return of a check to a borrower who redeems it for
36 consideration.

37 **Sec. 8. "Principal" means the total of:**

38 (1) the net amount paid to, receivable by, or paid or payable
39 from the account of the borrower; and

40 (2) to the extent that the payment is deferred, the additional
41 charges permitted by this chapter that are not included in
42 subdivision (1).



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1 **Sec. 9. "Renewal" refers to a small loan that takes the place of**
 2 **an existing small loan by:**

- 3 (1) renewing;
 4 (2) repaying;
 5 (3) refinancing; or
 6 (4) consolidating;

7 **a small loan with the proceeds of another small loan made to the**
 8 **same borrower by a lender.**

9 **Sec. 10. (a) "Small loan" means a loan:**

10 (1) with a principal loan amount that is at least fifty dollars
 11 (\$50) and not more than five hundred fifty dollars (\$550);

12 and

13 (2) in which the lender holds the borrower's check for a
 14 specific period, or receives the borrower's written
 15 authorization to debit the borrower's account (other than as
 16 a result of default) under an agreement, either express or
 17 implied, for a specific period, before the lender:

18 (A) offers the check for deposit or presentment; or

19 (B) exercises the authorization to debit the borrower's
 20 account.

21 (b) The amount of five hundred fifty dollars (\$550) in
 22 subsection (a)(1) is subject to change under the provisions on
 23 adjustment of dollar amounts set forth in IC 37-2-1-5. However,
 24 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be
 25 used under this subsection is the Index for October 2006.

26 **Chapter 3. Regulation of Small Loans**

27 **Sec. 1. A lender is not considered a financial institution, except**
 28 **for purposes of IC 28-1.**

29 **Sec. 2. (a) Finance charges on the first two hundred fifty**
 30 **dollars (\$250) of a small loan are limited to fifteen percent (15%)**
 31 **of the principal.**

32 (b) Finance charges on the amount of a small loan greater than
 33 two hundred fifty dollars (\$250) and less than or equal to four
 34 hundred dollars (\$400) are limited to thirteen percent (13%) of the
 35 amount over two hundred fifty dollars (\$250) and less than or
 36 equal to four hundred dollars (\$400).

37 (c) Finance charges on the amount of the small loan greater
 38 than four hundred dollars (\$400) and less than or equal to five
 39 hundred fifty dollars (\$550) are limited to ten percent (10%) of the
 40 amount over four hundred dollars (\$400) and less than or equal to
 41 five hundred fifty dollars (\$550).

42 (d) The amount of five hundred fifty dollars (\$550) in



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1 subsection (c) is subject to change under the provisions on
 2 adjustment of dollar amounts set forth in IC 37-2-1-5. However,
 3 notwithstanding IC 37-2-1-5(a), the Reference Base Index to be
 4 used under this subsection is the Index for October 2006.

5 **Sec. 3. (a) Notwithstanding any other law, the only fee that**
 6 **may be contracted for and received by the lender or an assignee on**
 7 **a small loan is a charge, not to exceed twenty-five dollars (\$25), for**
 8 **each:**

9 (1) return by a bank or other depository institution of a
 10 dishonored:

11 (A) check;

12 (B) electronic funds transfer;

13 (C) negotiable order of withdrawal; or

14 (D) share draft;

15 issued by the borrower; or

16 (2) time an authorization to debit the borrower's account is
 17 dishonored.

18 **This additional charge may be assessed one (1) time regardless of**
 19 **how many times a check or an authorization to debit the**
 20 **borrower's account may be submitted by the lender and**
 21 **dishonored.**

22 (b) A lender may:

23 (1) present a borrower's check for payment; or

24 (2) exercise a borrower's authorization to debit the
 25 borrower's account;

26 **not more than three (3) times.**

27 **Sec. 4. (a) For purposes of this section, the lender shall disclose**
 28 **to the borrower to whom credit is extended with respect to a small**
 29 **loan the information required by the Consumer Credit Protection**
 30 **Act (15 U.S.C. 1601 et seq.).**

31 (b) In addition to the requirements of subsection (a), the lender
 32 must conspicuously display in bold type a notice to the public both
 33 in the lending area of each business location and in the loan
 34 documents the following statement:

35 **"WARNING: A small loan is not intended to meet long term**
 36 **financial needs. A small loan should be used only to meet**
 37 **short term cash needs. The cost of your small loan may be**
 38 **higher than loans offered by other lending institutions. Small**
 39 **loans are regulated by the State of Indiana Department of**
 40 **Financial Institutions.**

41 **A borrower may rescind a small loan without cost by paying**
 42 **the cash amount of the principal of the small loan to the**



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- 1 lender not later than the end of the business day immediately
 2 following the day on which the borrower receives the loan
 3 proceeds.".
- 4 (c) The statement required in subsection (b) must be in:
 5 (1) 14 point bold face type in the loan documents; and
 6 (2) not less than one (1) inch bold print in the lending area of
 7 the business location.
- 8 (d) When a borrower enters into a small loan, the lender shall
 9 provide the borrower with a pamphlet approved by the
 10 department that describes:
 11 (1) the availability of debt management and credit counseling
 12 services; and
 13 (2) the borrower's rights and responsibilities in the
 14 transaction.
- 15 **Sec. 5. (a)** A small loan may not be made for a term of less than
 16 fourteen (14) days.
- 17 (b) If five (5) consecutive small loans have been made to a
 18 borrower after the borrower's initial small loan, another small
 19 loan may not be made to that borrower within seven (7) days after
 20 the fifth consecutive small loan is paid in full. After the borrower's
 21 fifth consecutive small loan, the balance must be paid in full.
- 22 (c) Subject to subsection (d), whenever a borrower has entered
 23 into an initial small loan followed by three (3) consecutive small
 24 loans, the lender shall offer the borrower the option to repay:
 25 (1) the third consecutive small loan; and
 26 (2) subject to subsection (b), any small loan entered into after
 27 the third consecutive small loan;
 28 under an extended payment plan. At the time of execution of a
 29 small loan described in subdivision (1) or (2), the lender shall
 30 disclose to the borrower the extended payment plan option by
 31 providing the borrower a written description of the extended
 32 payment plan option in a separate disclosure document approved
 33 by the director.
- 34 (d) A lender shall offer an extended payment plan under
 35 subsection (c) under the following terms and conditions:
 36 (1) A borrower shall be permitted to request an extended
 37 payment plan at any time during the term of a third or
 38 subsequent consecutive small loan if:
 39 (A) the borrower has not defaulted on the outstanding
 40 small loan; and
 41 (B) the rescission period under section 6(f) of this
 42 chapter has expired.

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- 1 **(2) An extended payment plan must allow the outstanding**
 2 **small loan to be paid in at least four (4) equal installments**
 3 **over a period of not less than sixty (60) days.**
 4 **(3) An agreement for an extended payment plan may not**
 5 **require a borrower to pay any amount before the original**
 6 **maturity date of the outstanding small loan.**
 7 **(4) The lender may not assess any fee or charge on a**
 8 **borrower for entering into an extended payment plan.**
 9 **(5) An agreement for an extended payment plan must be in**
 10 **writing and acknowledged by both the borrower and the**
 11 **lender.**
 12 **(6) A borrower may not enter into another small loan**
 13 **transaction while engaged in an extended payment plan.**
 14 **(7) A lender shall not:**
 15 **(A) compel, advise, solicit, or coerce a borrower to not**
 16 **exercise the borrower's right to request an extended**
 17 **payment plan;**
 18 **(B) discourage a borrower from exercising the**
 19 **borrower's right to request an extended payment plan;**
 20 **or**
 21 **(C) take any other action to influence a borrower's right**
 22 **to request an extended payment plan.**
 23 **(e) An agreement for an extended payment plan under**
 24 **subsection (c):**
 25 **(1) shall be considered an extension of the outstanding small**
 26 **loan; and**
 27 **(2) may not be considered a new loan.**
 28 **Sec. 6. (a) A lender is prohibited from making a small loan to**
 29 **a borrower if the total of:**
 30 **(1) the principal amount and finance charges of the small**
 31 **loan to be issued; plus**
 32 **(2) any other small loan balances that the borrower has**
 33 **outstanding with any lender;**
 34 **exceeds twenty percent (20%) of the borrower's monthly gross**
 35 **income.**
 36 **(b) A small loan may be secured by only one (1) check or**
 37 **authorization to debit the borrower's account per small loan. The**
 38 **check or electronic debit may not exceed the amount advanced to**
 39 **or on behalf of the borrower plus loan finance charges contracted**
 40 **for and permitted.**
 41 **(c) A borrower may make partial payments in any amount on**
 42 **the small loan without charge at any time before the due date of the**

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1 small loan.

2 (d) After any payment is made on a small loan, whether the
3 payment is made in part or in full before, on, or after the due date
4 of the small loan, the lender shall give a signed and dated receipt
5 to the borrower making a payment showing the amount paid and
6 the balance due on the small loan.

7 (e) The lender shall provide to each borrower a copy of the
8 required loan documents before the disbursement of the loan
9 proceeds.

10 (f) A borrower may rescind a small loan without cost by
11 paying the cash amount of the principal of the small loan to the
12 lender not later than the end of the business day immediately
13 following the day on which the borrower receives the proceeds.

14 (g) A lender shall not enter into a renewal with a borrower. If
15 a loan is paid in full, a subsequent loan is not a renewal.

16 Sec. 7. A small loan may not be secured by personal property
17 other than a check or electronic debit.

18 Sec. 8. (a) As used in this section, "commercially reasonable
19 method of verification" means a private consumer credit reporting
20 service that the department determines to be capable of providing
21 a lender with adequate verification information necessary to
22 ensure compliance with subsection (d).

23 (b) With respect to a small loan, no lender may permit a
24 person to become obligated under more than one (1) loan
25 agreement with the lender at any time.

26 (c) A lender shall not make a small loan that, when combined
27 with the outstanding balance on another outstanding small loan
28 owed to another lender, exceeds a total of five hundred fifty dollars
29 (\$550), excluding finance charges. A lender shall not make a small
30 loan to a borrower who has two (2) or more small loans
31 outstanding, regardless of the total value of the small loans. The
32 amount of five hundred fifty dollars (\$550) in this subsection is
33 subject to change under the provisions on adjustment of dollar
34 amounts (IC 37-2-1-5). However, notwithstanding IC 37-2-1-5(a),
35 the Reference Base Index to be used under this subsection is the
36 Index for October 2006.

37 (d) A lender complies with subsection (c) if the lender
38 independently verifies the total number of outstanding small loans
39 and the total outstanding balance of those small loans for a
40 customer through a commercially reasonable method of
41 verification. A lender's method of verifying whether a borrower
42 has any outstanding small loans and the total outstanding balance



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1 of any loans will be considered commercially reasonable if the
2 method includes a manual investigation or an electronic query of:

3 (1) the lender's own records, including both records
4 maintained at the location where the borrower is applying
5 for the transaction and records maintained at other locations
6 within the state that are owned and operated by the lender;
7 and

8 (2) an available third party data base provided by a private
9 consumer reporting service, subject to the identification
10 verification requirements set forth in subsection (l).

11 (e) The department shall monitor the effectiveness of private
12 consumer credit reporting services in providing the verification
13 information required under subsection (d). If the department
14 determines that a commercially reasonable method of verification
15 is available, the department shall:

16 (1) provide reasonable notice to all lenders identifying the
17 commercially reasonable method of verification that is
18 available; and

19 (2) require each lender to use, consistent with the policies of
20 the department, the identified commercially reasonable
21 method of verification as a means of complying with
22 subsection (d).

23 (f) If a borrower presents evidence to a lender that a loan has
24 been discharged in bankruptcy, the lender shall cause the record
25 of the borrower's loan to be updated in the data base described in
26 subsection (d)(2) to reflect the bankruptcy discharge.

27 (g) A lender shall cause the record of a borrower's loan to be
28 updated in the data base described in subsection (d)(2) to reflect:

29 (1) presentment of the borrower's check for payment; or
30 (2) exercise of the borrower's authorization to debit the
31 borrower's account.

32 If a check is returned or an authorization is dishonored because of
33 insufficient funds in the borrower's account, the lender shall
34 reenter the record of the loan in the data base.

35 (h) A lender shall update information in a data base described
36 in subsection (d)(2) to reflect partial payments made on an
37 outstanding loan, the record of which is maintained in the data
38 base.

39 (i) If a lender ceases doing business in Indiana, the director
40 may require the operator of the data base described in subsection
41 (d)(2) to remove records of the lender's loans from the operator's
42 data base.



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1 (j) The director may impose a civil penalty not to exceed one
2 hundred dollars (\$100) for each violation of:

3 (1) this section; or

4 (2) any rule or policy adopted by the director to implement
5 this section.

6 (k) The excess amount of loan finance charge provided for in
7 agreements in violation of this section is an excess charge for
8 purposes of the provisions concerning effect of violations on rights
9 of parties (IC 37-2-6-9) and the provisions concerning civil
10 actions by the department (IC 37-2-7-14).

11 (l) If a borrower provides the borrower's Social Security
12 number to a lender in connection with any transaction or proposed
13 transaction under this chapter, the lender shall:

14 (1) maintain procedures to verify that the Social Security
15 number provided is legitimate and belongs to the borrower;
16 and

17 (2) retain copies of any documents used to verify the
18 borrower's Social Security number. Documentation under
19 this subdivision may be in electronic form and the numbers
20 may be truncated.

21 If a borrower does not have a Social Security number, the lender
22 may require and accept another valid form of government issued
23 identification, subject to the requirements of subdivisions (1) and
24 (2) with respect to the government issued identification accepted.

25 Sec. 9. (a) This section does not apply to a business that is
26 licensed by the department for a purpose other than consumer
27 loans.

28 (b) A licensee may carry on other business at a location where
29 the licensee makes small loans unless the licensee carries on other
30 business for the purpose of evasion or violation of this article.

31 Sec. 10. (a) An agreement with respect to a small loan may not
32 provide for charges as a result of default by the borrower other
33 than those specifically authorized by this chapter. A provision in a
34 small loan agreement in violation of this section is unenforceable.

35 (b) A lender or an assignee of a small loan may seek only the
36 following remedies upon default by a borrower:

37 (1) Recovery of:

38 (A) the contracted principal amount of the loan; and

39 (B) the loan finance charge.

40 (2) If contracted for under section 3 of this chapter,
41 collection of a fee for:

42 (A) a returned check, negotiable order of withdrawal, or



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- 1 share draft; or
- 2 **(B) a dishonored authorization to debit the borrower's**
- 3 **account;**
- 4 **because of insufficient funds in the borrower's account.**
- 5 **(3) Collection of postjudgment interest, if awarded by a**
- 6 **court.**
- 7 **(4) Collection of court costs, if awarded by a court.**
- 8 **(c) A lender or an assignee of a small loan may not seek any of**
- 9 **the following damages or remedies upon default by a borrower:**
- 10 **(1) Payment of the lender's attorney's fees.**
- 11 **(2) Treble damages.**
- 12 **(3) Prejudgment interest.**
- 13 **(4) Damages allowed for dishonored checks under any**
- 14 **statute other than this chapter.**
- 15 **(5) Any damages or remedies not set forth in subsection (b).**
- 16 **(d) A contractual agreement in a small loan transaction must**
- 17 **include a notice of the following in 14 point bold type:**
- 18 **(1) The remedies available to a lender or an assignee under**
- 19 **subsection (b).**
- 20 **(2) The remedies and damages that a lender or an assignee**
- 21 **is prohibited from seeking in a small loan transaction under**
- 22 **subsection (c).**
- 23 **Sec. 11. (a) This section applies to licensees and unlicensed**
- 24 **persons.**
- 25 **(b) A person who violates this chapter:**
- 26 **(1) is subject to the remedies provided in IC 37-2-6-9;**
- 27 **(2) commits a deceptive act under IC 24-5-0.5 and is subject**
- 28 **to the penalties listed in IC 24-5-0.5;**
- 29 **(3) has no right to collect, receive, or retain any principal,**
- 30 **interest, or other charges from a small loan; however, this**
- 31 **subdivision does not apply if the violation is the result of an**
- 32 **accident or bona fide error of computation; and**
- 33 **(4) is liable to the borrower for actual damages, statutory**
- 34 **damages of two thousand dollars (\$2,000) per violation,**
- 35 **costs, and attorney's fees; however, this subdivision does not**
- 36 **apply if the violation is the result of an accident or bona fide**
- 37 **error of computation.**
- 38 **The remedies described in this subsection are in addition to all**
- 39 **other remedies set forth in IC 37-2 and this article.**
- 40 **(c) The department may sue:**
- 41 **(1) to enjoin any conduct that constitutes or will constitute a**
- 42 **violation of this chapter; and**

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- 1 (2) for other equitable relief.
- 2 (d) The remedies provided in this section are cumulative but
- 3 are not intended to be the exclusive remedies available to a
- 4 borrower. A borrower is not required to exhaust any
- 5 administrative remedies under this section or any other applicable
- 6 law.
- 7 Sec. 12. A lender making small loans, or an assignee of a small
- 8 loan, shall not commit nor cause to be committed any of the
- 9 following acts:
- 10 (1) Threatening to use or using the criminal process in any
- 11 state to collect on a small loan.
- 12 (2) Threatening to take action against a borrower that is
- 13 prohibited by this chapter.
- 14 (3) Making a misleading or deceptive statement regarding a
- 15 small loan or a consequence of taking a small loan.
- 16 (4) Contracting for or collecting attorney's fees on small
- 17 loans made under this chapter.
- 18 (5) Altering the date or any other information on a check or
- 19 an authorization to debit the borrower's account held as
- 20 security.
- 21 (6) Using a device or agreement that the department
- 22 determines would have the effect of charging or collecting
- 23 more fees, charges, or interest than allowed by this chapter,
- 24 including, but not limited to:
- 25 (A) entering a different type of transaction with the
- 26 borrower;
- 27 (B) entering into a sales/leaseback arrangement;
- 28 (C) catalog sales;
- 29 (D) entering into transactions in which a customer
- 30 receives a purported cash rebate that is advanced by
- 31 someone offering Internet content services, or some
- 32 other product or service, when the cash rebate does not
- 33 represent a discount or an adjustment of the purchase
- 34 price for the product or service; or
- 35 (E) entering any other transaction with the borrower
- 36 that is designed to evade the applicability of this
- 37 chapter.
- 38 (7) Engaging in unfair, deceptive, or fraudulent practices in
- 39 the making or collecting of a small loan.
- 40 (8) Charging to cash a check representing the proceeds of a
- 41 small loan.
- 42 (9) Except as otherwise provided in this chapter:

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- 1 (A) accepting the proceeds of a new small loan as
 2 payment of an existing small loan provided by the same
 3 lender; or
 4 (B) renewing, refinancing, or consolidating a small loan
 5 with the proceeds of another small loan made by the
 6 same lender.
- 7 (10) Including any of the following provisions in a loan
 8 document:
 9 (A) A hold harmless clause.
 10 (B) A confession of judgment clause.
 11 (C) A mandatory arbitration clause, unless the terms
 12 and conditions of the arbitration have been approved by
 13 the director of the department.
 14 (D) An assignment of or order for payment of wages or
 15 other compensation for services.
 16 (E) A provision in which the borrower agrees not to
 17 assert a claim or defense arising out of contract.
 18 (F) A waiver of any provision of this chapter.
- 19 (11) Selling insurance of any kind in connection with the
 20 making or collecting of a small loan.
- 21 (12) Entering into a renewal with a borrower.
- 22 **Sec. 13. Finance charges made in compliance with this chapter**
 23 **are exempt from IC 37-2-4-35 and IC 35-45-7.**
- 24 **Sec. 14. Upon the receipt of a check from a borrower for a**
 25 **small loan, unless the check is marked as void at the time of**
 26 **acceptance by the lender, the lender shall immediately stamp the**
 27 **back of the check with an endorsement that states:**
 28 **"This check is being negotiated as part of a small loan under**
 29 **IC 37-3, and any holder of this check takes it subject to the**
 30 **claims and defenses of the maker."**
- 31 **Sec. 15. (a) A person engaged in making small loans under this**
 32 **chapter shall post a bond to the department in the amount of fifty**
 33 **thousand dollars (\$50,000) for each location where small loans will**
 34 **be made, up to a maximum bond in an amount determined by the**
 35 **director.**
- 36 (b) A surety bond issued under this section must:
 37 (1) provide coverage for a lender engaged in making small
 38 loans under this chapter in an amount as prescribed in
 39 subsection (a);
 40 (2) be in a form prescribed by the director;
 41 (3) be in effect during the term of the lender's license under
 42 this chapter;

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- 1 (4) subject to subsection (c), remain in effect during the two
 2 (2) years after the lender's license under this chapter is
 3 surrendered or terminated;
 4 (5) be payable to the department for the benefit of:
 5 (A) the state; and
 6 (B) individuals who reside in Indiana when they agree to
 7 receive financial services from the lender;
 8 (6) be issued by a bonding, surety, or insurance company
 9 authorized to do business in Indiana and rated at least "A-"
 10 by at least one (1) nationally recognized investment rating
 11 service; and
 12 (7) have payment conditioned upon the lender's or any of the
 13 lender's employees' or agents' noncompliance with or
 14 violation of this article or other applicable federal or state
 15 laws or regulations.
 16 (c) The director may adopt rules or guidance documents with
 17 respect to the requirements for a surety bond as necessary to
 18 accomplish the purposes of this chapter. Upon written request
 19 from a lender, the director may, at the discretion of the director,
 20 waive or shorten the two (2) year period set forth in subsection
 21 (b)(4) during which a surety bond required by this section must
 22 remain in effect after the lender's license under this chapter is
 23 surrendered or terminated.
 24 (d) If the principal amount of a surety bond required under
 25 this section is reduced by payment of a claim or judgment, the
 26 lender for whom the bond is issued shall immediately notify the
 27 director of the reduction and, not later than thirty (30) days after
 28 notice by the director, file a new or an additional surety bond in an
 29 amount set by the director. The amount of the new or additional
 30 bond set by the director must be at least the amount of the bond
 31 before payment of the claim or judgment.
 32 (e) If for any reason a surety terminates a bond issued under
 33 this section, the lender shall immediately notify the department and
 34 file a new surety bond in an amount as prescribed in subsection (a).
 35 (f) Cancellation of a surety bond issued under this section does
 36 not affect any liability incurred or accrued during the period when
 37 the surety bond was in effect.
 38 (g) The director may obtain satisfaction from a surety bond
 39 issued under this section if the director incurs expenses, issues a
 40 final order, or recovers a final judgment under this chapter.
 41 (h) Notices required under this section must be in writing and
 42 delivered by certified mail, return receipt requested and postage

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1 prepaid, or by overnight delivery using a nationally recognized
2 carrier.

3 Sec. 16. The department may adopt rules under IC 4-22-2 to
4 implement this article.

5 **ARTICLE 4. MORTGAGE RESCUE PROTECTION FRAUD**

6 **Chapter 1. Application**

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

10 Sec. 0.3. A contract entered into in accordance with IC 24-5.5
11 (before its repeal) is considered a contract entered into in
12 accordance with this article.

13 Sec. 0.5. Any document, website, or business communication
14 created in accordance with IC 24-5.5 (before its repeal) is
15 considered a document, website, or business communication
16 created in accordance with this article.

17 Sec.] 1. This article does not apply to the following:

18 (1) A person organized or chartered under the laws of this
19 state, any other state, or the United States that relate to a
20 bank, a trust company, a savings association, a savings bank,
21 a credit union, or an industrial loan and investment
22 company.

23 (2) The Federal National Mortgage Association, the Federal
24 Home Loan Mortgage Corporation, or a Federal Home Loan
25 Bank.

26 (3) A department or agency of the United States or of
27 Indiana.

28 (4) A person that is servicing or enforcing a loan that it owns.

29 (5) A person that is servicing a loan:

30 (A) for a person described in subdivisions (1) through
31 (4); or

32 (B) insured by the Department of Housing and Urban
33 Development or guaranteed by the Veterans
34 Administration.

35 (6) An attorney licensed to practice law in Indiana who is
36 representing a mortgagor.

37 **Chapter 2. Definitions**

38 **Sec. 1. The definitions in this chapter apply throughout this**
39 **article.**

40 **Sec. 2. "Foreclosure consultant" means a person who, directly**
41 **or indirectly, makes a solicitation, a representation, or an offer to**
42 **a homeowner to perform, with or without compensation, any**

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1 service that the person represents will:

2 (1) prevent or postpone the initiation of a foreclosure
3 proceeding, or reverse the effect of a foreclosure proceeding;

4 (2) allow the homeowner to become a lessee or renter in the
5 homeowner's residence during or after a foreclosure
6 proceeding; or

7 (3) allow the homeowner to have an option to repurchase the
8 homeowner's residence after a foreclosure proceeding.

9 Sec. 3. "Foreclosure purchaser" means a person who
10 purchases real property in a foreclosure proceeding.

11 Sec. 4. "Foreclosure reconveyance" means a transaction
12 involving:

13 (1) the transfer of interest in real property by a homeowner
14 to a person during or incident to a proposed foreclosure
15 proceeding, either by:

16 (A) transfer of interest from the homeowner to the
17 person; or

18 (B) creation of a mortgage, trust, or other lien or
19 encumbrance during the foreclosure process;

20 that allows the person to obtain legal or equitable title to all
21 or part of the real property; and

22 (2) the subsequent conveyance, or promise of subsequent
23 conveyance, of interest back to the homeowner by the person
24 or the person's agent that allows the homeowner to possess
25 the real property following the completion of the foreclosure
26 proceeding.

27 Sec. 5. "Formal settlement" means a face-to-face meeting with
28 a homeowner to complete final documents incident to the:

29 (1) sale or transfer of real property; or

30 (2) creation of a mortgage or equitable interest in real
31 property;

32 conducted by a person who is not employed by or an affiliate of the
33 foreclosure purchaser.

34 Sec. 6. "Homeowner" means a person who holds record title
35 to residential real property as of the date on which:

36 (1) a contract with a foreclosure consultant; or

37 (2) a foreclosure reconveyance agreement;

38 with respect to the residential real property is entered into.

39 Chapter 3. Rescission of Contracts With Foreclosure
40 Consultants and Foreclosure Reconveyance Agreements

41 Sec. 1. In addition to any other right under law to cancel or
42 rescind a contract, a homeowner may rescind a:

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- 1 **(1) contract with a foreclosure consultant at any time before**
- 2 **midnight of the seventh business day after the date the**
- 3 **contract is signed; and**
- 4 **(2) foreclosure reconveyance agreement at any time before**
- 5 **midnight of the seventh business day after the homeowner's**
- 6 **transfer of the interest in the real property that is the subject**
- 7 **of the agreement, as described in IC 37-4-2-4(1).**

8 **Sec. 2. A homeowner effectively rescinds a contract with a**
 9 **foreclosure consultant if the homeowner gives written notice of a**
 10 **rescission to the foreclosure consultant by one (1) of the following:**

- 11 **(1) Mailing the rescission to the address specified in the**
- 12 **contract.**
- 13 **(2) Sending the rescission through any facsimile or electronic**
- 14 **mail address identified in the contract or other material**
- 15 **provided to the homeowner by the foreclosure consultant.**

16 **Sec. 3. (a) If a notice of rescission under this chapter is sent by**
 17 **mail, the rescission is effective three (3) days after the notice is**
 18 **deposited in the United States mail, properly addressed, with**
 19 **postage prepaid.**

20 **(b) A homeowner is not required to give notice of rescission in**
 21 **the form required under the contract if the form under the**
 22 **contract is inconsistent with the requirements under this chapter.**

23 **Sec. 4. (a) If a homeowner rescinds a contract with a**
 24 **foreclosure consultant or a foreclosure reconveyance agreement,**
 25 **the homeowner shall, not later than thirty (30) days after the date**
 26 **of rescission, repay any amounts paid or advanced by:**

- 27 **(1) the foreclosure consultant or the foreclosure consultant's**
- 28 **agent under the terms of the foreclosure consulting contract;**
- 29 **or**
- 30 **(2) a person under a foreclosure reconveyance agreement.**

31 **(b) A rescission by a homeowner under this chapter is void if**
 32 **the payments required under this section are not made within the**
 33 **time set forth in subsection (a).**

34 **Sec. 5. If a homeowner rescinds a contract with a foreclosure**
 35 **consultant, not less than ten (10) days following the effective date**
 36 **of the rescission, the consultant shall return to the homeowner any**
 37 **payments made by the homeowner, less any amounts for actual**
 38 **services rendered.**

39 **Chapter 4. Limitations on Foreclosure Consultants and**
 40 **Foreclosure Reconveyances**

41 **Sec. 1. For purposes of this chapter, there is a rebuttable**
 42 **presumption that:**

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- 1 (1) a homeowner has a reasonable ability to pay for a
- 2 subsequent reconveyance of real property if the
- 3 homeowner's payments for primary housing expenses and
- 4 regular principal and interest payments on other personal
- 5 debt, on a monthly basis, do not exceed sixty percent (60%)
- 6 of the homeowner's monthly gross income; and
- 7 (2) the foreclosure purchaser has not verified reasonable
- 8 payment ability if the foreclosure purchaser has not obtained
- 9 documents other than a statement by the homeowner of
- 10 assets, liability, and income.

11 **Sec. 2. In addition to any prohibitions that apply under**
 12 **IC 24-5-15-1 through IC 24-5-15-8, a foreclosure consultant may**
 13 **not:**

- 14 (1) enter into or attempt to enter into a foreclosure
- 15 consultant contract with a homeowner unless the foreclosure
- 16 consultant first provides the homeowner written notice of the
- 17 homeowner's rights under this article;
- 18 (2) demand or receive compensation until after the
- 19 foreclosure consultant has fully performed all services the
- 20 foreclosure consultant contracted to perform or represented
- 21 that the foreclosure consultant would perform, unless the
- 22 foreclosure consultant complies with the security
- 23 requirements under IC 24-5-15-8;
- 24 (3) demand or receive a fee, interest, or any other
- 25 compensation that exceeds eight percent (8%) per year of the
- 26 amount of any loan that the foreclosure consultant makes to
- 27 the homeowner;
- 28 (4) take a wage assignment, a lien of any type on real or
- 29 personal property, or any other security to secure the
- 30 payment of compensation;
- 31 (5) receive consideration from a third party in connection
- 32 with foreclosure consulting services provided to a
- 33 homeowner unless the consideration is first fully disclosed in
- 34 writing to the homeowner;
- 35 (6) acquire any interest, directly or indirectly, in residential
- 36 real property in foreclosure from a homeowner with whom
- 37 the foreclosure consultant has contracted;
- 38 (7) except to inspect documents as provided by law, take any
- 39 power of attorney from a homeowner for any purpose;
- 40 (8) execute any contract or agreement with a homeowner or
- 41 receive money or other valuable consideration from a
- 42 homeowner without providing the homeowner with the

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1 written statement required by IC 24-5-15-6; or
 2 (9) fail to provide a homeowner with a written contract that
 3 includes the notice of cancellation required by IC 24-5-15-7.

4 **Sec. 3. A foreclosure purchaser may not enter into or attempt**
 5 **to enter into a foreclosure reconveyance agreement with a**
 6 **homeowner unless the:**

7 (1) foreclosure purchaser verifies and demonstrates that the
 8 homeowner has or will have a reasonable ability to:

9 (A) pay for the subsequent reconveyance of the property
 10 back to the homeowner on completion of the terms of
 11 the foreclosure conveyance; or

12 (B) if the foreclosure conveyance provides for a lease
 13 with an option to repurchase the real property, make the
 14 lease payment and repurchase the real property within
 15 the period of the option to repurchase;

16 (2) foreclosure purchaser provides the homeowner written
 17 notice of the homeowner's rights under this article;

18 (3) foreclosure purchaser and the homeowner complete a
 19 formal settlement before any transfer of interest in the
 20 affected property; and

21 (4) foreclosure purchaser complies with the security
 22 requirements under IC 24-5-15-8.

23 **Sec. 4. A foreclosure purchaser shall:**

24 (1) ensure that title to real property has been reconveyed to
 25 the homeowner in a timely manner if the terms of a
 26 foreclosure reconveyance agreement require a
 27 reconveyance; or

28 (2) if the real property subject to a foreclosure reconveyance
 29 agreement is sold within eighteen (18) months after entering
 30 into the foreclosure reconveyance agreement, make payment
 31 to the homeowner not later than ninety (90) days after the
 32 resale of the real property in an amount equal to at least
 33 sixty-six percent (66%) of the net proceeds from the resale of
 34 the property.

35 **Sec. 5. A foreclosure purchaser may not:**

36 (1) enter into repurchase or lease terms as part of the
 37 foreclosure reconveyance that are unfair or commercially
 38 unreasonable or engage in any other unfair conduct;

39 (2) represent, directly or indirectly, that the:

40 (A) foreclosure purchaser is acting:

41 (i) as an adviser or a consultant; or

42 (ii) in any other manner on behalf of the



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- 1 homeowner;
- 2 (B) foreclosure purchaser is assisting the homeowner to
- 3 save the residence; or
- 4 (C) foreclosure purchaser is assisting the homeowner in
- 5 preventing a foreclosure if the result of the transaction
- 6 is that the homeowner will not complete a redemption of
- 7 the property; or
- 8 (3) until the homeowner's right to rescind or cancel the
- 9 foreclosure reconveyance agreement has expired:
 - 10 (A) record any document, including an instrument or
 - 11 conveyance, signed by the homeowner; or
 - 12 (B) transfer to a third party or encumber, or purport to
 - 13 transfer to a third party or encumber, any interest in the
 - 14 residential real property in foreclosure.

15 **Sec. 6.** A foreclosure purchaser shall make a detailed
 16 accounting of the basis for the amount of payment made to a
 17 homeowner of real property resold within eighteen (18) months
 18 after entering into a foreclosure reconveyance agreement on a
 19 form prescribed by the attorney general.

20 **Sec. 7.** A foreclosure consultant shall retain all records and
 21 documents, including the foreclosure consultant contract, related
 22 to services performed on behalf of a homeowner for at least three
 23 (3) years after the termination or conclusion of the foreclosure
 24 consultant contract entered into by the foreclosure consultant and
 25 the homeowner.

26 **Sec. 8.** A foreclosure consultant may not represent to a
 27 homeowner that the foreclosure consultant is endorsed, sponsored,
 28 or affiliated with any governmental or government sponsored
 29 agency or program.

30 **Chapter 5. Enforcement**

31 **Sec. 1.** A person who knowingly or intentionally violates this
 32 article commits:

- 33 (1) a Class A misdemeanor;
- 34 (2) a deceptive act that is actionable by the attorney general
- 35 under IC 24-5-0.5-4 and is subject to the penalties and
- 36 remedies available to the attorney general under IC 24-5-0.5;
- 37 and
- 38 (3) a deceptive act that is actionable by the attorney general
- 39 under IC 37-5-8-2 and is subject to the penalties and
- 40 remedies available to the attorney general under IC 37-5.

41 **Sec. 2. (a)** A homeowner may bring an action against a person
 42 for damages incurred as a result of a violation of this article.

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1 (b) A homeowner who:

2 (1) brings an action under this section; and

3 (2) is awarded damages;

4 may seek reasonable attorney's fees.

5 Sec. 3. (a) A court may award attorney's fees under section
6 2(b) of this chapter.

7 (b) If the court finds that a person willfully or knowingly
8 violated this article, the court may award damages equal to three
9 (3) times the amount of actual damages.

10 Sec. 4. (a) The Indiana housing and community development
11 authority shall maintain a list of nonprofit organizations that:

12 (1) offer counseling or advice to homeowners in foreclosure
13 or loan defaults; and

14 (2) do not contract for services with for-profit lenders or
15 foreclosure purchasers.

16 (b) The Indiana housing and community development
17 authority shall provide names and telephone numbers of the
18 organizations described in subsection (a) to a homeowner upon
19 request.

20 Sec. 5. The attorney general may adopt rules under IC 4-22-2
21 necessary to implement this article.

22 Sec. 6. Except as provided in IC 24-5-15-7(d), this article may
23 not be construed to preempt the provisions of IC 24-5-15-1 through
24 IC 24-5-15-11.

25 **ARTICLE 5. HOME LOAN PRACTICES**

26 **Chapter 1. Application**

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

30 Sec. 0.3. A contract entered into in accordance with IC 24-9
31 (before its repeal) is considered a contract entered into in
32 accordance with this article.

33 Sec. 0.5. Any document, website, or business communication
34 created in accordance with IC 24-9 (before its repeal) is considered
35 a document, website, or business communication created in
36 accordance with this article.

37 Sec.] 1. Except for IC 37-5-3-7(c)(3), IC 37-5-3-7(c)(4), and
38 IC 37-5-3-7(c)(5), this article does not apply to:

39 (1) a loan made or acquired by a person organized or
40 chartered under the laws of this state, any other state, or the
41 United States relating to banks, trust companies, savings
42 associations, savings banks, credit unions, or industrial loan



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- 1 **and investment companies; or**
- 2 **(2) a loan:**
- 3 **(A) that can be purchased by the Federal National**
- 4 **Mortgage Association, the Federal Home Loan**
- 5 **Mortgage Association, or the Federal Home Loan Bank;**
- 6 **(B) to be insured by the United States Department of**
- 7 **Housing and Urban Development;**
- 8 **(C) to be guaranteed by the United States Department of**
- 9 **Veterans Affairs;**
- 10 **(D) to be made or guaranteed by the United States**
- 11 **Department of Agriculture Rural Housing Service;**
- 12 **(E) to be funded by the Indiana housing and community**
- 13 **development authority; or**
- 14 **(F) with a principal amount that exceeds the conforming**
- 15 **loan size limit for a single family dwelling as established**
- 16 **by the Federal National Mortgage Association.**

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Benchmark rate" means the interest rate established under Section 152 of the Federal Home Ownership and Equity Protection Act of 1994 (15 U.S.C. 1602 (aa)) and the regulations adopted under that act by the Federal Reserve Board, including 12 CFR 226.32 and the Official Staff Commentary to the regulations as amended.

Sec. 3. "Bona fide discount points" means loan discount points that:

- (1) are knowingly paid by the borrower;**
- (2) are paid for the express purpose of reducing the interest rate applicable to the loan;**
- (3) reduce the interest rate from an interest rate that does not exceed the benchmark rate; and**
- (4) are recouped within the first four (4) years of the scheduled loan payments;**

if the reduction in the interest rate that is achieved by the payment of the loan discount points reduces the interest charged on the scheduled payments so that the borrower's dollar amount of savings in interest during the first four (4) years of the loan is equal to or greater than the dollar amount of loan discount points paid by the borrower.

Sec. 4. "Borrower" means a person obligated to repay a home loan, including a coborrower, cosigner, or guarantor.

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1 **Sec. 5. "Bridge loan" means temporary or short term**
 2 **financing with a maturity of less than eighteen (18) months that**
 3 **requires payments of interest only until the entire unpaid balance**
 4 **is due and payable.**

5 **Sec. 6. (a) "Creditor" means:**

6 **(1) a person:**

7 **(A) who regularly extends consumer credit that is**
 8 **subject to a finance charge or that is payable by written**
 9 **agreement in more than four (4) installments; and**

10 **(B) to whom the debt arising from a home loan**
 11 **transaction is initially payable; or**

12 **(2) a person who brokers a home loan, including a person**
 13 **who:**

14 **(A) directly or indirectly solicits, processes, places, or**
 15 **negotiates home loans for others;**

16 **(B) offers to solicit, process, place, or negotiate home**
 17 **loans for others; or**

18 **(C) closes home loans that may be in the person's own**
 19 **name with funds provided by others and that are**
 20 **thereafter assigned to the person providing funding for**
 21 **the loans.**

22 **(b) The term does not include:**

23 **(1) a servicer;**

24 **(2) a state or local housing finance authority;**

25 **(3) any other state or local governmental or**
 26 **quasi-governmental entity; or**

27 **(4) an attorney providing legal services in association with**
 28 **the closing of a home loan.**

29 **Sec. 7. (a) "Deceptive act" means:**

30 **(1) an act or a practice as part of a mortgage transaction (as**
 31 **defined in IC 37-5-3-7(a)), or of a real estate transaction (as**
 32 **defined in IC 37-5-3-7(b)), in which a person at the time of**
 33 **the transaction knowingly or intentionally:**

34 **(A) makes a material misrepresentation; or**

35 **(B) conceals material information regarding the terms**
 36 **or conditions of the transaction; or**

37 **(2) a violation of IC 37-4 concerning mortgage rescue**
 38 **protection fraud as set forth in IC 37-4-5-1.**

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

41 **Sec. 8. (a) "High cost home loan" means a home loan with:**

42 **(1) a trigger rate that exceeds the benchmark rate; or**



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- 1 **(2) total points and fees that exceed:**
 2 **(A) five percent (5%) of the loan principal for a home**
 3 **loan having a loan principal of at least forty thousand**
 4 **dollars (\$40,000); or**
 5 **(B) six percent (6%) of the loan principal for a home**
 6 **loan having a loan principal of less than forty thousand**
 7 **dollars (\$40,000).**
- 8 **(b) Beginning July 1, 2006, the dollar amounts set forth in this**
 9 **section are subject to change at the times and according to the**
 10 **procedure set forth in the provisions of IC 37-2-1-5 concerning the**
 11 **adjustment of dollar amounts in IC 37-2.**
- 12 **Sec. 9. (a) "Home loan" means a loan, other than an open end**
 13 **credit plan, a reverse mortgage transaction, or a loan described in**
 14 **IC 37-5-1-1, that is secured by a mortgage or deed of trust on real**
 15 **estate in Indiana on which there is located or will be located a**
 16 **structure or structures:**
- 17 **(1) designed primarily for occupancy of one (1) to four (4)**
 18 **families; and**
 19 **(2) that is or will be occupied by a borrower as the**
 20 **borrower's principal dwelling.**
- 21 **(b) The term does not include a land contract.**
- 22 **Sec. 9.5. "Land contract" means a contract for the sale of real**
 23 **estate in which the seller of the real estate retains legal title to the**
 24 **real estate until the total contract price is paid by the buyer.**
- 25 **Sec. 10. (a) Except as provided in subsection (b), "points and**
 26 **fees" means the total of the following:**
- 27 **(1) Points and fees (as defined in 12 CFR 226.32(b)(1) on**
 28 **January 1, 2004).**
 29 **(2) All compensation paid directly or indirectly to a**
 30 **mortgage broker, including a broker that originates a loan**
 31 **in the broker's own name.**
- 32 **As used in subdivision (2), "compensation" does not include a**
 33 **payment included in subdivision (1).**
- 34 **(b) The term does not include the following:**
- 35 **(1) Bona fide discount points.**
 36 **(2) An amount not to exceed one and one-half (1 1/2) points**
 37 **in indirect broker compensation, if the terms of the loan do**
 38 **not include:**
- 39 **(A) a prepayment penalty, in the case of a home loan**
 40 **described in IC 37-5-3-6(b); or**
 41 **(B) a prepayment penalty that exceeds two percent (2%)**
 42 **of the home loan principal, in the case of a home loan**

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- 1 other than a home loan described in IC 37-5-3-6(b).
 2 (3) Reasonable fees paid to an affiliate of the creditor.
 3 (4) Interest prepaid by the borrower for the month in which
 4 the home loan is closed.

5 Sec. 11. "Political subdivision" means a municipality, school
 6 district, public library, local housing authority, fire protection
 7 district, public transportation corporation, local building
 8 authority, local hospital authority or corporation, local airport
 9 authority, special service district, special taxing district, or any
 10 other type of local governmental corporate entity.

11 Sec. 12. "Rate" means the interest rate charged on a home
 12 loan, based on an annual simple interest yield.

13 Sec. 13. "Total loan amount" means the principal of the home
 14 loan minus the points and fees that are included in the principal
 15 amount of the loan.

16 Sec. 14. "Trigger rate" means:

- 17 (1) for fixed rate home loans in which the interest rate will
 18 not vary during the term of the loan, the rate as of the date
 19 of closing;
 20 (2) for home loans in which the interest varies according to
 21 an index, the sum of the index rate as of the date of closing
 22 plus the maximum margin permitted at any time under the
 23 loan agreement; or
 24 (3) for all other home loans in which the rate may vary at
 25 any time during the term of the loan, the maximum rate that
 26 may be charged during the term of the home loan.

27 Chapter 3. Prohibited Lending Practices Generally

28 Sec. 0.1. A person is not subject to a prohibition or
 29 requirement of:

- 30 (1) IC 24-9-3 (before its repeal) and IC 24-9-4 (before its
 31 repeal), both as added by P.L.73-2004; or
 32 (2) this chapter and IC 37-5-4;

33 with respect to a loan made before January 1, 2005.

34 Sec. 1. (a) A creditor making a home loan may not finance,
 35 directly or indirectly, any:

- 36 (1) credit life insurance;
 37 (2) credit disability insurance;
 38 (3) credit unemployment insurance;
 39 (4) credit property insurance; or
 40 (5) payments directly or indirectly for any cancellation
 41 suspension agreement or contract.

42 (b) Insurance premiums, debt cancellation fees, or suspension



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1 fees calculated and paid on a monthly basis are not considered to
2 be financed by the creditor for purposes of this chapter.

3 **Sec. 2. (a) A creditor may not knowingly or intentionally**
4 **replace or consolidate a zero (0) interest rate or other subsidized**
5 **low rate loan made by a governmental or nonprofit lender with a**
6 **high cost home loan within the first ten (10) years of the subsidized**
7 **low rate loan unless the current holder of the loan consents in**
8 **writing to the refinancing.**

9 **(b) For purposes of this section, a "subsidized low rate loan"**
10 **is a loan that carries a current interest rate of at least two (2)**
11 **percentage points below the current yield on treasury securities**
12 **with a comparable maturity. If the loan's current interest rate is**
13 **either a discounted introductory rate or a rate that automatically**
14 **steps up over time, the fully indexed rate or the fully stepped up**
15 **rate, as appropriate, should be used instead of the current rate to**
16 **determine whether a loan is a subsidized low rate loan.**

17 **(c) Each mortgage or deed of trust securing a zero (0) interest**
18 **rate or other subsidized low rate loan executed after January 1,**
19 **2005, must prominently display the following on the face of the**
20 **instrument:**

21 **"This instrument secures a zero (0) interest rate or other**
22 **subsidized low rate loan subject to IC 37-5-3-2."**

23 **(d) A creditor may reasonably rely on the presence or absence**
24 **of the statement described in subsection (c) on the face of an**
25 **instrument executed after January 1, 2005, as conclusive proof of**
26 **the existence or nonexistence of a zero (0) interest rate or other**
27 **subsidized low rate loan.**

28 **Sec. 3. A creditor may not recommend or encourage default on**
29 **an existing loan or other debt before and in connection with the**
30 **closing or planned closing of a home loan that refinances all or part**
31 **of the existing loan or debt.**

32 **Sec. 4. A creditor shall treat each payment made by a**
33 **borrower in regard to a home loan as posted on the same business**
34 **day as the payment was received by the creditor, servicer, or**
35 **creditor's agent, or at the address provided to the borrower by the**
36 **creditor, servicer, or creditor's agent for making payments.**

37 **Sec. 5. (a) A home loan agreement may not contain a provision**
38 **that permits the creditor, in the creditor's sole discretion, to**
39 **accelerate the indebtedness without material cause.**

40 **(b) This section does not prohibit acceleration of a home loan**
41 **in good faith due to the borrower's failure to abide by the material**
42 **terms of the loan.**



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1 **Sec. 6. (a) A creditor may not charge a fee for informing or**
 2 **transmitting to a person the balance due to pay off a home loan or**
 3 **to provide a written release upon prepayment. A creditor must**
 4 **provide, in writing, a payoff balance not later than seven (7)**
 5 **business days (excluding legal public holidays, Saturdays, and**
 6 **Sundays) after the request is received by the creditor. A payoff**
 7 **statement provided by a creditor under this subsection must show**
 8 **the date the statement was prepared and itemize the unpaid**
 9 **principal balance and each fee, charge, or other sum included**
 10 **within the payoff amount. For purposes of this subsection, "fee"**
 11 **does not include actual charges incurred by a creditor for express**
 12 **or priority delivery of home loan documents to the borrower if**
 13 **such delivery is requested by the borrower.**

14 **(b) This subsection applies to a home loan, or the refinancing**
 15 **or consolidation of a home loan, that:**

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

17 **(2) has an interest rate that is subject to change at one (1) or**
 18 **more times during the term of the home loan.**

19 **A creditor in a transaction to which this subsection applies may not**
 20 **contract for and may not charge the borrower a prepayment fee or**
 21 **penalty.**

22 **(c) This subsection applies to a home loan with respect to**
 23 **which any installment or minimum payment due is delinquent for**
 24 **at least sixty (60) days. The creditor, servicer, or the creditor's**
 25 **agent shall acknowledge a written offer made in connection with a**
 26 **proposed short sale not later than five (5) business days (excluding**
 27 **legal public holidays, Saturdays, and Sundays) after the date of the**
 28 **offer if the offer complies with the requirements for a qualified**
 29 **written request set forth in 12 U.S.C. 2605(e)(1)(B). The creditor,**
 30 **servicer, or creditor's agent is required to acknowledge a written**
 31 **offer made in connection with a proposed short sale from a third**
 32 **party acting on behalf of the debtor only if the debtor has provided**
 33 **written authorization for the creditor, servicer, or creditor's agent**
 34 **to do so. Not later than thirty (30) business days (excluding legal**
 35 **public holidays, Saturdays, and Sundays) after receipt of an offer**
 36 **under this subsection, the creditor, servicer, or creditor's agent**
 37 **shall respond to the offer with an acceptance or a rejection of the**
 38 **offer. The thirty (30) day period described in this subsection may**
 39 **be extended for not more than fifteen (15) business days (excluding**
 40 **legal public holidays, Saturdays, and Sundays) if, before the end of**
 41 **the thirty (30) day period, the creditor, the servicer, or the**
 42 **creditor's agent notifies the debtor of the extension and the reason**



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1 the extension is needed. As used in this subsection, "short sale"
 2 means a transaction in which the property that is the subject of a
 3 home loan is sold for an amount that is less than the amount of the
 4 borrower's outstanding obligation on the home loan. A creditor, a
 5 servicer, or a creditor's agent that fails to respond to an offer
 6 within the time prescribed by this subsection is liable in accordance
 7 with 12 U.S.C. 2605(f) in any action brought under that section.

8 Sec. 7. (a) As used in this section, "mortgage transaction"
 9 includes the following:

10 (1) A home loan subject to this article.

11 (2) To the extent allowed under federal law, a loan described
 12 in IC 37-5-1-1 that is secured by a mortgage or a land
 13 contract (or another consensual security interest equivalent
 14 to a mortgage or a land contract) on real estate in Indiana on
 15 which there is located or will be located a structure or
 16 structures:

17 (A) designed primarily for occupancy of one (1) to four
 18 (4) families; and

19 (B) that is or will be occupied by a borrower as the
 20 borrower's principal dwelling.

21 (3) A first lien mortgage transaction (as defined in
 22 IC 37-1-2-18) subject to IC 37-1.

23 (4) A consumer credit sale subject to IC 37-2-3 in which a
 24 mortgage or a land contract (or another consensual security
 25 interest equivalent to a mortgage or a land contract) that
 26 constitutes a lien is created or retained against land:

27 (A) that is located in Indiana; and

28 (B) upon which there is constructed or intended to be
 29 constructed a dwelling that is or will be used by the
 30 debtor primarily for personal, family, or household
 31 purposes.

32 (5) A consumer loan subject to IC 37-2-4 in which a
 33 mortgage or a land contract (or another consensual security
 34 interest equivalent to a mortgage or a land contract) that
 35 constitutes a lien is created or retained against land:

36 (A) that is located in Indiana; and

37 (B) upon which there is constructed or intended to be
 38 constructed a dwelling that is or will be used by the
 39 debtor primarily for personal, family, or household
 40 purposes.

41 (6) A loan in which a mortgage or a land contract (or
 42 another consensual security interest equivalent to a



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1 mortgage or a land contract) that constitutes a lien is created
2 or retained against land:

3 (A) that is located in Indiana;

4 (B) upon which there is constructed or intended to be
5 constructed a dwelling that is not or will not be used by
6 the borrower primarily for personal, family, or
7 household purposes; and

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

10 The term includes a loan that is secured by land in Indiana
11 upon which there is constructed or intended to be
12 constructed a dwelling that is purchased by or through the
13 borrower for investment or other business purposes.

14 (7) A reverse mortgage transaction that is secured by real
15 estate in Indiana on which there is located a structure that is
16 occupied by a borrower as the borrower's principal dwelling.

17 (b) As used in this section, "real estate transaction" means the
18 sale or lease of any legal or equitable interest in real estate:

19 (1) that is located in Indiana;

20 (2) upon which there is constructed or intended to be
21 constructed a dwelling; and

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

23 (c) A person may not do any of the following:

24 (1) Divide a home loan transaction into separate parts with
25 the intent of evading a provision of this article.

26 (2) Structure a home loan transaction as an open-end loan
27 with the intent of evading the provisions of this article if the
28 home loan would be a high cost home loan if the home loan
29 had been structured as a closed-end loan.

30 (3) Engage in a deceptive act in connection with a mortgage
31 transaction or a real estate transaction.

32 (4) Engage in, or solicit to engage in, a real estate transaction
33 or a mortgage transaction without a permit or license
34 required by law.

35 (5) With respect to a real estate transaction or a mortgage
36 transaction, represent that:

37 (A) the transaction has:

38 (i) certain terms or conditions; or

39 (ii) the sponsorship or approval of a particular
40 person or entity;

41 that it does not have and that the person knows or
42 reasonably should know it does not have; or



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- 1 **(B) the real estate or property that is the subject of the**
- 2 **transaction has any improvements, appurtenances, uses,**
- 3 **characteristics, or associated benefits that it does not**
- 4 **have and that the person knows or reasonably should**
- 5 **know it does not have.**
- 6 **(6) Maintain or offer to maintain an account for the receipt**
- 7 **of funds for the payment of real estate taxes and insurance**
- 8 **unless the person is any of the following:**
- 9 **(A) Any of the following that is chartered under the laws**
- 10 **of a state or the United States:**
- 11 **(i) A bank.**
- 12 **(ii) A savings and loan association.**
- 13 **(iii) A credit union.**
- 14 **(iv) A savings bank.**
- 15 **(B) The creditor in a mortgage transaction.**
- 16 **(C) A mortgage servicer acting on behalf of the creditor**
- 17 **in a mortgage transaction.**
- 18 **(D) A closing agent (as defined in IC 27-7-3.7-1).**
- 19 **(7) Fail to provide the notice required under subsection (d),**
- 20 **within the time specified in subsection (d), if the person is a**
- 21 **seller in a real estate transaction described in subsection (d).**
- 22 **(d) This subsection applies to a real estate transaction that**
- 23 **involves a land contract between the seller and the buyer in the**
- 24 **transaction. If the real estate that is the subject of the transaction**
- 25 **is subject to any encumbrance, including any tax lien, foreclosure**
- 26 **action, legal judgment, or other encumbrance affecting the title to**
- 27 **the real estate, the seller must provide written notice by certified**
- 28 **mail, return receipt requested, of the encumbrance to the buyer:**
- 29 **(1) not later than the time the land contract is executed, if the**
- 30 **encumbrance is created before or at the time the land**
- 31 **contract is executed; or**
- 32 **(2) not later than ten (10) business days after the**
- 33 **encumbrance is created, if the encumbrance is created after**
- 34 **the land contract is executed.**
- 35 **Sec. 8. A person seeking to enforce section 7(c)(3), 7(c)(4), or**
- 36 **7(c)(5) of this chapter may not knowingly or intentionally**
- 37 **intimidate, coerce, or harass another person.**
- 38 **Sec. 9. It is unlawful for a creditor to discriminate against any**
- 39 **applicant with respect to any aspect of a credit transaction on the**
- 40 **basis of race, color, religion, national origin, sex, marital status, or**
- 41 **age, if the applicant has the ability to contract.**
- 42 **Chapter 4. Additional Prohibitions for High Cost Home Loans**

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1 **Sec. 0.1. A person is not subject to a prohibition or**
 2 **requirement of:**

3 **(1) IC 24-9-3 (before its repeal) and IC 24-9-4 (before its**
 4 **repeal), both as added by P.L.73-2004; or**

5 **(2) this chapter and IC 37-5-3;**

6 **with respect to a loan made before January 1, 2005.**

7 **Sec. 1. The following additional limitations and prohibited**
 8 **practices apply to a high cost home loan:**

9 **(1) A creditor making a high cost home loan may not directly**
 10 **or indirectly finance any points and fees.**

11 **(2) This subdivision does not apply to a high cost home loan**
 12 **described in IC 37-5-3-6(b). Prepayment fees or penalties**
 13 **may not be included in the loan documents for a high cost**
 14 **home loan or charged to the borrower if the fees or penalties**
 15 **exceed in total two percent (2%) of the high cost home loan**
 16 **amount prepaid during the first twenty-four (24) months**
 17 **after the high cost home loan closing.**

18 **(3) This subdivision does not apply to a high cost home loan**
 19 **described in IC 37-5-3-6(b). A prepayment penalty may not**
 20 **be contracted for after the second year following the high**
 21 **cost home loan closing.**

22 **(4) This subdivision does not apply to a high cost home loan**
 23 **described in IC 37-5-3-6(b). A creditor may not include a**
 24 **prepayment penalty fee in a high cost home loan unless the**
 25 **creditor offers the borrower the option of choosing a loan**
 26 **product without a prepayment fee. The terms of the offer**
 27 **must be made in writing and must be initialed by the**
 28 **borrower. The document containing the offer must be clearly**
 29 **labeled in large bold type and must include the following**
 30 **disclosure:**

31 **"LOAN PRODUCT CHOICE**

32 **I was provided with an offer to accept a product both**
 33 **with and without a prepayment penalty provision. I**
 34 **have chosen to accept the product with a prepayment**
 35 **penalty."**

36 **(5) A creditor shall not sell or otherwise assign a high cost**
 37 **home loan without furnishing the following statement to the**
 38 **purchaser or assignee:**

39 **"NOTICE: This is a loan subject to special rules under**
 40 **IC 37-5. Purchasers or assignees may be liable for all**
 41 **claims and defenses with respect to the loan that the**
 42 **borrower could assert against the lender."**



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(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

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1 documents if the change in the interest rate is not triggered by the
2 event of default or the acceleration of the indebtedness.

3 **Sec. 6. A high cost home loan may not include terms under**
4 **which more than two (2) periodic payments required under the**
5 **high cost home loan are consolidated and paid in advance from the**
6 **high cost home loan proceeds provided to the borrower.**

7 **Sec. 7. A creditor may not make a high cost home loan without**
8 **first providing the borrower information to facilitate contact with**
9 **a nonprofit counseling agency certified by:**

10 (1) the United States Department of Housing and Urban
11 Development; or

12 (2) the Indiana housing and community development
13 authority under IC 5-20-1-4(d);

14 at the same time as the good faith estimates are provided to the
15 borrower in accordance with the requirements of the federal Real
16 Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) as
17 amended.

18 **Sec. 8. (a) A creditor may not make a high cost home loan**
19 **without regard to repayment ability.**

20 (b) If a creditor presents evidence that the creditor followed
21 commercially reasonable practices in determining the borrower's
22 debt to income ratio, there is a rebuttable presumption that the
23 creditor made the high cost home loan with due regard to
24 repayment ability. For purposes of this section, there is a
25 rebuttable presumption that the borrower's statement of income
26 provided to the creditor is true and complete.

27 (c) Commercially reasonable practices include the use of:

28 (1) the debt to income ratio:

29 (A) listed in 38 CFR 36.4337(c)(1); and

30 (B) defined in 38 CFR 36.4337(d); and

31 (2) the residual income guidelines established under:

32 (A) 38 CFR 36.4337(e); and

33 (B) United States Department of Veterans Affairs form
34 26-6393.

35 **Sec. 9. A creditor may not pay a contractor under a home**
36 **improvement contract from the proceeds of a high cost home loan**
37 **unless:**

38 (1) the creditor is presented with a signed and dated
39 completion certificate showing that the home improvements
40 have been completed; and

41 (2) the instrument is payable to the borrower or jointly to the
42 borrower and the contractor or, at the election of the



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1 borrower, through a third party escrow agent under a
2 written agreement signed by the borrower, the creditor, and
3 the contractor before the disbursement.

4 **Sec. 10. A creditor may not charge a borrower any fees or**
5 **other charges to modify, renew, extend, or amend a high cost home**
6 **loan or to defer a payment due under the terms of a high cost home**
7 **loan.**

8 **Sec. 11. A creditor may not make a high cost home loan unless**
9 **the creditor has given the following notice, in writing, to the**
10 **borrower not later than the time that notice is required under 12**
11 **CFR 226.31(c):**

12 **"NOTICE TO BORROWER**
13 **YOU SHOULD BE AWARE THAT YOU MIGHT BE ABLE**
14 **TO OBTAIN A LOAN AT A LOWER COST. YOU**
15 **SHOULD COMPARE LOAN RATES, COSTS, AND FEES.**
16 **MORTGAGE LOAN RATES AND CLOSING COSTS AND**
17 **FEES VARY BASED ON MANY FACTORS, INCLUDING**
18 **YOUR PARTICULAR CREDIT AND FINANCIAL**
19 **CIRCUMSTANCES, YOUR EMPLOYMENT HISTORY,**
20 **THE LOAN-TO-VALUE REQUESTED, AND THE TYPE**
21 **OF PROPERTY THAT WILL SECURE YOUR LOAN.**
22 **THE LOAN RATE, COSTS, AND FEES COULD ALSO**
23 **VARY BASED ON WHICH CREDITOR OR BROKER**
24 **YOU SELECT.**
25 **IF YOU ACCEPT THE TERMS OF THIS LOAN, THE**
26 **CREDITOR WILL HAVE A MORTGAGE LIEN ON**
27 **YOUR HOME. YOU COULD LOSE YOUR HOME AND**
28 **ANY MONEY YOU HAVE PAID IF YOU DO NOT MEET**
29 **YOUR PAYMENT OBLIGATIONS UNDER THE LOAN.**
30 **YOU SHOULD CONSULT AN ATTORNEY AND A**
31 **QUALIFIED INDEPENDENT CREDIT COUNSELOR OR**
32 **OTHER EXPERIENCED FINANCIAL ADVISER**
33 **REGARDING THE RATE, FEES, AND PROVISIONS OF**
34 **THIS MORTGAGE LOAN BEFORE YOU PROCEED. A**
35 **LIST OF QUALIFIED COUNSELORS IS AVAILABLE**
36 **FROM THE INDIANA HOUSING AND COMMUNITY**
37 **DEVELOPMENT AUTHORITY.**
38 **YOU ARE NOT REQUIRED TO COMPLETE THIS LOAN**
39 **AGREEMENT MERELY BECAUSE YOU HAVE**
40 **RECEIVED THIS DISCLOSURE OR HAVE SIGNED A**
41 **LOAN APPLICATION. REMEMBER, PROPERTY TAXES**
42 **AND HOMEOWNER'S INSURANCE ARE YOUR**

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1 **RESPONSIBILITY. NOT ALL CREDITORS PROVIDE**
 2 **ESCROW SERVICES FOR THESE PAYMENTS. YOU**
 3 **SHOULD ASK YOUR CREDITOR ABOUT THESE**
 4 **SERVICES.**

5 **ALSO, YOUR PAYMENTS ON EXISTING DEBTS**
 6 **CONTRIBUTE TO YOUR CREDIT RATINGS. YOU**
 7 **SHOULD NOT ACCEPT ANY ADVICE TO IGNORE**
 8 **YOUR REGULAR PAYMENTS TO YOUR EXISTING**
 9 **CREDITORS."**

10 **Sec. 12. Without regard to whether a borrower is acting**
 11 **individually or on behalf of others similarly situated, a provision**
 12 **of a high cost home loan agreement that:**

13 **(1) requires arbitration of a claim or defense;**
 14 **(2) allows a party to require a borrower to assert a claim or**
 15 **defense in a forum that is:**

16 **(A) less convenient;**

17 **(B) more costly; or**

18 **(C) more dilatory;**

19 **for the resolution of the dispute than an Indiana court in**
 20 **which the borrower may otherwise bring a claim or defense;**
 21 **or**

22 **(3) limits in any way any claim or defense the borrower may**
 23 **have;**

24 **is unconscionable and void.**

25 **Chapter 5. Claims, Defenses, Remedies**

26 **Sec. 1. (a) A person who purchases or is otherwise assigned a**
 27 **high cost home loan is subject to all affirmative claims and any**
 28 **defenses, except for an affirmative claim or defense pursuant to**
 29 **IC 37-5-3-7, with respect to the high cost home loan that the**
 30 **borrower could assert against a creditor or broker of the high cost**
 31 **home loan. However, this section does not apply if the purchaser or**
 32 **assignee demonstrates by a preponderance of the evidence that a**
 33 **reasonable person exercising ordinary due diligence could not**
 34 **determine that the loan was a high cost home loan. A purchaser or**
 35 **an assignee is presumed to have exercised reasonable due diligence**
 36 **if the purchaser or assignee:**

37 **(1) has in place at the time of the purchase or assignment of**
 38 **the subject loans, policies that expressly prohibit the**
 39 **purchase or acceptance of the assignment of any high cost**
 40 **home loans;**

41 **(2) requires by contract that a seller or an assignor of home**
 42 **loans to the purchaser or assignee represents and warrants**



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- 1 to the purchaser or assignee that either:
- 2 (A) the seller or assignor will not sell or reassign any
- 3 high cost home loans to the purchaser or assignee; or
- 4 (B) the seller or assignor is a beneficiary of a
- 5 representation and warranty from a previous seller or
- 6 assignor to that effect;
- 7 (3) exercises reasonable due diligence:
- 8 (A) at the time of purchase or assignment of home loans;
- 9 or
- 10 (B) within a reasonable period after the purchase or
- 11 assignment of home loans;
- 12 intended by the purchaser or assignee to prevent the
- 13 purchaser or assignee from purchasing or taking assignment
- 14 of any high cost home loans; or
- 15 (4) satisfies the requirements of subdivisions (1) and (2) and
- 16 establishes that a reasonable person exercising ordinary due
- 17 diligence could not determine that the loan was a high cost
- 18 home loan based on the:
- 19 (A) documentation required by the federal Truth in
- 20 Lending Act (15 U.S.C. 1601 et seq.); and
- 21 (B) itemization of the amount financed and other
- 22 disbursement disclosures.
- 23 (b) A borrower acting only in an individual capacity may
- 24 assert against the creditor or any subsequent holder or assignee of
- 25 a high cost home loan:
- 26 (1) a violation of IC 37-5-4-2 as a defense, claim, or
- 27 counterclaim, after:
- 28 (A) an action to enjoin foreclosure or to preserve or
- 29 obtain possession of the dwelling that secures the loan is
- 30 initiated;
- 31 (B) an action to collect on the loan or foreclose on the
- 32 collateral securing the loan is initiated; or
- 33 (C) the loan is more than sixty (60) days in default;
- 34 within three (3) years after the closing of a home loan;
- 35 (2) a violation of this article in connection to the high cost
- 36 home loan as a defense, claim, or counterclaim in an original
- 37 action within five (5) years after the closing of a high cost
- 38 home loan; and
- 39 (3) any defense, claim, counterclaim, or action to enjoin
- 40 foreclosure or preserve or obtain possession of the home that
- 41 secures the loan, including a violation of this article after:
- 42 (A) an action to collect on the loan or foreclose on the

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1 collateral securing the loan is initiated;
 2 (B) the debt arising from the loan is accelerated; or
 3 (C) the loan is more than sixty (60) days in default;
 4 at any time during the term of a high cost home loan.

5 (c) In an action, a claim, or a counterclaim brought under
 6 subsection (b), the borrower may recover only amounts required
 7 to reduce or extinguish the borrower's liability under a home loan
 8 plus amounts required to recover costs, including reasonable
 9 attorney's fees.

10 (d) The provisions of this section are effective notwithstanding
 11 any other provision of law. This section shall not be construed to
 12 limit the substantive rights, remedies, or procedural rights
 13 available to a borrower against any creditor, assignee, or holder
 14 under any other law. The rights conferred on borrowers by
 15 subsections (a) and (b) are independent of each other and do not
 16 limit each other.

17 Sec. 2. (a) If a creditor asserts that grounds for acceleration
 18 under the terms of a high cost home loan exist and requires the
 19 payment in full of all sums secured by the security instrument, the
 20 borrower or a person authorized to act on the borrower's behalf at
 21 any time before the title is transferred by means of foreclosure,
 22 judicial proceeding and sale, or otherwise may cure the default and
 23 reinstate the high cost home loan by tendering the amount or
 24 performance as specified in the security instrument.

25 (b) If the borrower cures the default on a high cost home loan,
 26 the original loan terms shall be reinstated, and any acceleration of
 27 any obligation under the security instrument or note arising from
 28 the default is nullified as of the date of the cure.

29 Sec. 3. (a) A creditor making a high cost home loan that has
 30 the right to foreclose must use the judicial foreclosure procedures
 31 of the state in which the property securing the high cost home loan
 32 is located. The borrower has the right to assert in the proceeding
 33 the nonexistence of a default and any other claim or defense to
 34 acceleration and foreclosure, including any claim or defense based
 35 on any violations of this article.

36 (b) This section is not intended and shall not be construed to
 37 allow any claim or defense otherwise barred by any statute of
 38 limitation or repose.

39 Sec. 4. (a) This section does not apply to a violation of
 40 IC 37-5-3-7(c)(4), IC 37-5-3-7(c)(5), or IC 37-5-3-7(c)(6). A person
 41 who violates this article is liable to a person who is a party to the
 42 home loan transaction, mortgage transaction (as defined in



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1 IC 37-5-3-7(a)), or real estate transaction (as defined in
2 IC 37-5-3-7(b)), as appropriate, that gave rise to the violation for
3 the following:

4 (1) Actual damages, including consequential damages. A
5 person is not required to demonstrate reliance in order to
6 receive actual damages.

7 (2) Statutory damages equal to two (2) times the finance
8 charges agreed to in a home loan agreement.

9 (3) Costs and reasonable attorney's fees.

10 (b) A person may be granted injunctive, declaratory, and other
11 equitable relief as the court determines appropriate in an action to
12 enforce compliance with this chapter.

13 (c) The right of rescission granted under 15 U.S.C. 1601 et seq.
14 for a violation of the federal Truth in Lending Act (15 U.S.C. 1601
15 et seq.) is available to a person acting only in an individual capacity
16 by way of recoupment as a defense against a party foreclosing on
17 a home loan at any time during the term of the loan. Any
18 recoupment claim asserted under this provision is limited to the
19 amount required to reduce or extinguish the person's liability
20 under the home loan plus amounts required to recover costs,
21 including reasonable attorney's fees. This article shall not be
22 construed to limit the recoupment rights available to a person
23 under any other law.

24 (d) The remedies provided in this section are cumulative but
25 are not intended to be the exclusive remedies available to a person.
26 Except as provided in subsection (e), a person is not required to
27 exhaust any administrative remedies under this article or under
28 any other applicable law.

29 (e) Before bringing an action regarding an alleged deceptive
30 act under this chapter, a person must:

31 (1) notify the homeowner protection unit established by
32 IC 4-6-12-2 of the alleged violation giving rise to the action;
33 and

34 (2) allow the homeowner protection unit at least ninety (90)
35 days to institute appropriate administrative and civil action
36 to redress a violation.

37 (f) An action under this chapter must be brought within five
38 (5) years after the date that the person knew, or by the exercise of
39 reasonable diligence should have known, of the violation of this
40 article.

41 (g) An award of damages under subsection (a) has priority
42 over a civil penalty imposed under this article.



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1 **Sec. 5. (a) If the creditor or an assignee establishes by a**
 2 **preponderance of evidence that a violation of this article is**
 3 **unintentional or the result of a bona fide error of law or fact**
 4 **notwithstanding the maintenance of procedures reasonably**
 5 **adopted to avoid any such violation or error, the validity of the**
 6 **transaction is not affected, and no liability is imposed under section**
 7 **4 of this chapter except in the case of a refusal to make a refund.**

8 **(b) Except as provided in subsection (c), a creditor in a high**
 9 **cost home loan who in good faith fails to comply with this article is**
 10 **not considered to have violated this article if the creditor does the**
 11 **following before receiving notice of the failure from the borrower:**

12 **(1) Not later than ninety (90) days after the date of the loan**
 13 **closing:**

14 **(A) makes appropriate restitution to the borrower of**
 15 **any amounts collected in error; and**

16 **(B) takes necessary action to make all appropriate**
 17 **adjustments to the loan to correct the error.**

18 **(2) Not later than one hundred twenty (120) days after the**
 19 **date of the loan closing, notifies the borrower of:**

20 **(A) the error; and**

21 **(B) the amount of the required restitution or**
 22 **adjustment.**

23 **(c) Subsection (b) does not apply unless the creditor establishes**
 24 **that the compliance failure was not intentional and resulted from**
 25 **a bona fide error of fact or law, notwithstanding the maintenance**
 26 **of procedures reasonably adopted to avoid the errors.**

27 **Sec. 6. The rights conferred by this article are in addition to**
 28 **rights granted under any other law.**

29 **Chapter 6. Reporting Requirements**

30 **Sec. 1. (a) A servicer of a high cost home loan shall report at**
 31 **least once each calendar quarter to a nationally recognized**
 32 **consumer credit reporting agency both the favorable and**
 33 **unfavorable payment history information of the borrower on**
 34 **payments due to the creditor on a high cost home loan.**

35 **(b) This section does not prohibit a servicer from agreeing**
 36 **with the borrower not to report specified payment history**
 37 **information in the event of a resolved or an unresolved dispute**
 38 **with a borrower and does not apply to high cost home loans held**
 39 **or serviced by a lender for less than ninety (90) days.**

40 **Chapter 7. State Power to Regulate Lending**

41 **Sec. 1. The state is the sole regulator of the business of**
 42 **originating, granting, servicing, and collecting loans and other**



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1 forms of credit in Indiana and the manner in which the business is
 2 conducted. This regulation preempts all other regulation of these
 3 activities by any political subdivision.

4 **Sec. 2. Political subdivisions may not:**

5 (1) enact, issue, or enforce ordinances, resolutions,
 6 regulations, orders, requests for proposals, or requests for
 7 bids pertaining to financial or lending activities, including
 8 ordinances, resolutions, and rules that disqualify persons
 9 from doing business with a municipality and that are based
 10 upon lending terms or practices; or

11 (2) impose reporting requirements or any other obligations
 12 upon persons regarding financial services or lending
 13 practices or upon subsidiaries or affiliates that:

14 (A) are subject to the jurisdiction of the department of
 15 financial institutions;

16 (B) are subject to the jurisdiction or regulatory
 17 supervision of the Board of Governors of the Federal
 18 Reserve System, the Office of the Comptroller of the
 19 Currency, the National Credit Union Administration,
 20 the Federal Deposit Insurance Corporation, the Federal
 21 Trade Commission, or the United States Department of
 22 Housing and Urban Development;

23 (C) are chartered by the United States Congress to
 24 engage in secondary market mortgage transactions;

25 (D) are created by the Indiana housing and community
 26 development authority; or

27 (E) originate, purchase, sell, assign, securitize, or service
 28 property interests or obligations created by financial
 29 transactions or loans made, executed, originated, or
 30 purchased by persons referred to in clause (A), (B), (C),
 31 or (D).

32 **Chapter 8. Penalties and Enforcement**

33 **Sec. 1. A person who knowingly or intentionally violates this**
 34 **article commits:**

35 (1) a Class A misdemeanor; and

36 (2) except for a violation of IC 37-5-3-7(c)(4) by a person
 37 required to be licensed by the department of financial
 38 institutions, an act that is actionable by the attorney general
 39 under IC 24-5-0.5 and is subject to the penalties listed in
 40 IC 24-5-0.5.

41 **Sec. 2. (a) The attorney general and the attorney general's**
 42 **homeowner protection unit established under IC 4-6-12 shall**



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1 enforce this article. An action may not be brought under this
2 article more than five (5) years after the occurrence of the
3 violation.

4 (b) The attorney general may refer a matter under section 1 of
5 this chapter to a prosecuting attorney for enforcement.

6 Sec. 3. (a) This section does not apply to a violation of
7 IC 37-5-3-7(c)(4) by a person required to be licensed by the
8 department of financial institutions. The attorney general may
9 bring an action to enjoin a violation of this article. A court in which
10 the action is brought may:

11 (1) issue an injunction;

12 (2) order a person to make restitution;

13 (3) order a person to reimburse the state for reasonable costs
14 of the attorney general's investigation and prosecution of the
15 violation of this article; and

16 (4) impose a civil penalty of not more than ten thousand
17 dollars (\$10,000) per violation.

18 (b) A person who violates an injunction under this section is
19 subject to a civil penalty of not more than ten thousand dollars
20 (\$10,000) per violation.

21 (c) The court that issues an injunction retains jurisdiction over
22 a proceeding seeking the imposition of a civil penalty under this
23 section.

24 Sec. 4. The attorney general may file complaints with any of
25 the agencies listed in IC 4-6-12-4 to implement this chapter.

26 Chapter 9. Fees

27 Sec. 1. The county recorder shall assess a fee for each
28 mortgage recorded that shall be paid to the county treasurer at the
29 end of each calendar month as set forth in IC 36-2-7-10(c)(2).

30 Sec. 2. On or before June 20 and December 20 of each year,
31 after completing an audit of the county treasurer's monthly reports
32 required by IC 36-2-10-16, the county auditor shall distribute to
33 the state comptroller two dollars and fifty cents (\$2.50) of the
34 mortgage recording fee collected under IC 36-2-7-10(c)(2) for each
35 mortgage recorded by the county recorder. The state comptroller
36 shall deposit the money in the state general fund to be distributed
37 as described in section 3 of this chapter.

38 Sec. 3. On or before June 30 and December 31 of each year the
39 state comptroller shall distribute one dollar and twenty-five cents
40 (\$1.25) of the mortgage recording fee to the state general fund and
41 one dollar and twenty-five cents (\$1.25) of the mortgage recording
42 fee to the homeowner protection unit account established by



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1 **IC 4-6-12-9.**
 2 [SECTION 98. [EFFECTIVE JULY 1, 2026] (a) This SECTION
 3 applies to a person subject to:
 4 (1) IC 24-4.4;
 5 (2) IC 24-4.5;
 6 (3) IC 24-5.5; or
 7 (4) IC 24-9;
 8 before their repeal.
 9 (b) A person described in subsection (a) has until July 1, 2027,
 10 to amend any document, website, or business communication to
 11 comply with the recodification of the statutes described in
 12 subsection (a) in IC 37, as added by this act.
 13 (c) This SECTION expires June 30, 2028.
 14 SECTION 99. [EFFECTIVE JULY 1, 2026] (a) Rules adopted in
 15 accordance with:
 16 (1) IC 24-4.4;
 17 (2) IC 24-4.5;
 18 (3) IC 24-5.5; or
 19 (4) IC 24-9;
 20 before their repeal are considered rules adopted in accordance
 21 with IC 37, as added by this act, and remain in effect until the rules
 22 are amended, repealed, or suspended.
 23 (b) Before January 1, 2028, the department of financial
 24 institutions and the secretary of state shall amend its rules to
 25 comply with the changes made by this act.
 26 (c) This SECTION expires June 30, 2028.
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