

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6226

BILL NUMBER: HB 1009

DATE PREPARED: Jan 25, 2000

BILL AMENDED: Jan 24, 2000

SUBJECT: Consumer credit.

FISCAL ANALYST: Susan Preble

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**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: No Fiscal Impact

Summary of Legislation: (Amended) This bill specifies that the maximum rate of interest may not be exceeded upon prepayment for the period a credit sale or loan was in effect for a simple interest transaction that includes prepaid credit service charges or finance charges. It requires a creditor to provide accurate payoff information to the debtor. It specifies that a person may not regularly engage in the business of making consumer loans unless the person is a supervised financial institution or is licensed by the Department of Financial Institutions.

The bill provides that the loan origination fee allowed under the Uniform Consumer Credit Code is not considered in the calculation of total credit service charge or total finance charge for the purposes of rebate upon prepayment. It specifies that the three month window to operate without an approved license to make consumer loans applies only to lenders taking assignment of mortgages. It limits the accrual of additional pawnbroker fees.

It defines mortgage servicer, and adds mortgage servicer to creditor penalty provisions concerning a failure to provide accurate payoff information. It adds a loan primarily secured by an interest in land to the definition of consumer loan for the purposes of the accurate payoff provision. It provides that a penalty for a creditor or mortgage servicer who fails to provide accurate payoff information to a debtor is an excess charge under the Uniform Consumer Credit Code.

It allows the Department of Financial Institutions to obtain a criminal record history from certain license applicants.

It also makes conforming amendments.

Effective Date: July 1, 2000.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: