SENATE ENROLLED ACT No. 383

AN ACT to amend the Indiana Code concerning financial institutions.

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

SECTION 1. IC 24-4.4-1-102, AS AMENDED BY P.L.54-2021, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 102. (1) This article shall be liberally construed and applied to promote its underlying purposes and policies.

(2) The underlying purposes and policies of this article are:

(a) to permit and encourage the development of fair and economically sound first lien mortgage lending practices; and

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

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

(4) A reference to a federal law in this article is a reference to the law as in effect December 31, ~~2020.~~ **2021.**

SECTION 2. IC 24-4.5-1-102, AS AMENDED BY P.L.54-2021, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 102. (1) This article shall be liberally construed and applied to promote its underlying purposes and policies.

(2) The underlying purposes and policies of this article are:

(a) to simplify, clarify, and modernize the law governing retail installment sales, consumer credit, small loans, and usury;

(b) to provide rate ceilings to assure an adequate supply of credit

to consumers;

(c) to further consumer understanding of the terms of credit transactions and to foster competition among suppliers of consumer credit so that consumers may obtain credit at reasonable cost;

(d) to protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors;

(e) to permit and encourage the development of fair and economically sound consumer credit practices;

(f) to conform the regulation of consumer credit transactions to the policies of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) and to applicable state and federal laws, rules, regulations, policies, and guidance; and

(g) to make uniform the law, including administrative rules among the various jurisdictions.

(3) A reference to a requirement imposed by this article includes reference to a related rule or guidance of the department adopted pursuant to this article.

(4) A reference to a federal law in this article is a reference to the law as in effect December 31, ~~2020.~~ **2021.**

(5) This article applies to a transaction if the director determines that the transaction:

(a) is in substance a disguised consumer credit transaction; or

(b) involves the application of subterfuge for the purpose of avoiding this article.

A determination by the director under this subsection must be in writing and shall be delivered to all parties to the transaction. IC 4-21.5-3 applies to a determination made under this subsection.

(6) The authority of this article remains in effect, whether a licensee, an individual, or a person subject to this article acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

(7) A violation of a state or federal law, regulation, or rule applicable to consumer credit transactions is a violation of this article.

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

SECTION 3. IC 24-4.5-2-202, AS AMENDED BY P.L.69-2018, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 202. (1) In addition to the credit service charge permitted by this chapter, a seller may contract for and receive any of

the following additional charges in connection with a consumer credit sale:

(a) Official fees and taxes.

(b) Charges for insurance as described in subsection (2).

(c) Notwithstanding provisions of the Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) concerning disclosure, charges for other benefits, including insurance, conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits, and are excluded as permissible additional charges from the credit service charge. With respect to any additional charge not specifically provided for in this section, to be a permitted charge under this subsection the seller must submit a written explanation of the charge to the department indicating how the charge would be assessed and the value or benefit to the consumer. Supporting documents may be required by the department. The department shall determine whether the charge would be of benefit to the consumer and is reasonable in relation to the benefits.

(d) A charge not to exceed twenty-five dollars ($25) for each returned payment by a bank or other depository institution of a dishonored check, electronic funds transfer, negotiable order of withdrawal, or share draft issued by the consumer.

(e) Annual participation fees assessed in connection with a revolving charge account. Annual participation fees must:

(i) be reasonable in amount;

(ii) bear a reasonable relationship to the seller's costs to maintain and monitor the charge account; and

(iii) not be assessed for the purpose of circumvention or evasion of this article, as determined by the department.

(f) A charge not to exceed twenty-five dollars ($25) for a skip-a-payment service, subject to the following:

(i) 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.

(ii) A charge for a skip-a-payment service may not be assessed with respect to a consumer credit sale subject to the provisions on rebate upon prepayment that are set forth in section 210 of this chapter.

(iii) 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 203.5 of this chapter.

(g) A charge not to exceed ten dollars ($10) for an optional expedited payment service, subject to the following:

(i) The charge may be assessed only upon request by the consumer to use the expedited payment service.

(ii) 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.

(iii) The consumer must be informed that the consumer retains the option to make a payment by traditional means.

(iv) The charge may not be established in advance, through any agreement with the consumer, as the expected method of payment.

(v) The charge may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 203.5 of this chapter.

(h) A charge for a GAP agreement, subject to subsection (4).

(2) An additional charge may be made for insurance written in connection with the sale, other than insurance protecting the seller against the consumer's default or other credit loss:

(a) with respect to insurance against loss of or damage to property, or against liability, if the seller furnishes a clear and specific statement in writing to the consumer, setting forth the cost of the insurance if obtained from or through the seller and stating that the consumer may choose the person, subject to the seller's reasonable approval, through whom the insurance is to be obtained; and

(b) with respect to consumer credit insurance providing life, accident, unemployment or other loss of income, or health coverage, if the insurance coverage is not a factor in the approval by the seller of the extension of credit and is clearly disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific, affirmative, written indication of the desire to do so after written disclosure of the cost.

(3) 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:

(a) fees for title examination, abstract of title, title insurance, property surveys, or similar purposes;

(b) fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents;

(c) notary and credit report fees;

(d) amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the credit service charge; and

(e) appraisal fees.

(4) An additional charge may be made for a GAP agreement, subject to the following:

(a) A GAP agreement or GAP coverage may not be required by the seller, and that fact must be disclosed in writing to the consumer.

(b) 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:

(i) Revolving charge accounts.

(ii) Closed-end credit transactions, if the request for coverage is made by mail or telephone.

(iii) Closed-end credit transactions, if the GAP agreement limits the total amount of indebtedness eligible for coverage.

(c) 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.

(d) The consumer must sign or initial an affirmative written request for coverage after receiving all required disclosures.

(e) The GAP agreement must include the following:

(i) In the case of GAP coverage for a new motor vehicle, the manufacturer's suggested retail price (MSRP) for the motor vehicle.

(ii) In the case of GAP coverage for a used motor vehicle, the ~~National Automobile Dealers Association (NADA)~~ average retail value for the motor vehicle, **as determined by use of a third party valuation service provider that is customarily relied upon in the used motor vehicle commercial marketplace.**

(iii) The name of the financing entity taking assignment of the agreement.

(iv) The name and address of the consumer.

(v) The name of the creditor selling the agreement.

(vi) Information advising the consumer that the consumer may be able to obtain similar coverage from the consumer's primary insurance carrier.

(vii) A coverage provision that includes a minimum deductible

of five hundred dollars ($500).

(viii) A provision providing for a minimum thirty (30) day free-look period.

(ix) 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 ~~National Automobile Dealers Association (NADA)~~ 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.

(x) 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 (f).

(f) 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:

(i) 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.

(ii) The consumer is entitled to a refund of the unearned GAP agreement charge as outlined in the GAP agreement.

(iii) 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.

(g) Upon prepayment in full of the consumer credit sale:

(i) the GAP coverage is automatically terminated; and

(ii) the seller of the GAP agreement must issue a refund in accordance with subdivision (f).

(h) A creditor that sells GAP agreements must:

(i) 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

(ii) retain appropriate records, as required under this article, regarding GAP agreements sold, refunded, and expired.

(5) As used in this section, "expedited payment service" means a service offered to a consumer to ensure that a payment made by the consumer with respect to a consumer credit sale will be reflected as paid and posted on an expedited basis.

(6) As used in this section:

(a) "guaranteed asset protection agreement";

(b) "guaranteed auto protection agreement"; or

(c) "GAP agreement";

means, with respect to consumer credit sales involving motor vehicles or other titled assets, an agreement in which the seller agrees to cancel or waive all or part of the outstanding debt after all property insurance benefits have been exhausted after the occurrence of a specified event.

(7) As used in this section, "skip-a-payment service" means a service that:

(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.

SECTION 4. IC 24-4.5-3-201, AS AMENDED BY P.L.85-2020, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 201. Loan Finance Charge for Consumer Loans other than Supervised Loans—(1) **This section does not apply to a supervised loan (as defined in section 501 of this chapter).** Except as provided in subsections (7) and (9), with respect to a consumer loan, ~~other than a supervised loan (as defined in section 501 of this chapter),~~ a lender may contract for a loan finance charge, calculated according to the actuarial method, not exceeding twenty-five percent (25%) per year on the unpaid balances of the principal (as defined in section 107(3) of this chapter).

(2) In the case of a loan agreement entered into before July 1, 2020, this section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed:

(a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment in section 210 of this chapter.

(3) The following apply to a loan agreement for a consumer loan (or

for the refinancing or consolidation of a consumer loan) that is entered into after June 30, 2020:

(a) The consumer loan is subject to this section, including the limitations set forth in:

(i) subsection (1) with respect to the loan finance charge; and

(ii) subsection (9)(b) with respect to the amount of the authorized nonrefundable prepaid finance charge, in the case of a consumer loan that is not secured by an interest in land.

(b) The loan finance charge authorized by this section must be:

(i) contracted for between the lender and the debtor; and

(ii) calculated by applying a rate not exceeding the rate set forth in subsection (1) to unpaid balances of the principal (as defined in section 107(3) of this chapter).

(c) A loan agreement for a precomputed consumer loan is prohibited.

(d) Subject to subsection (12), in addition to the loan finance charge authorized by subsection (1) and to any other fees permitted by this chapter, and not subject to the twenty-five percent (25%) rate set forth in subsection (1), the lender may contract for and receive as a condition for, or an incident to, the extension of credit a nonrefundable prepaid finance charge under subsection (9), whether the charge is:

(i) paid separately in cash or by check before or at consummation; or

(ii) withheld from the proceeds of the consumer loan.

(4) For the purposes of this section, the term of a loan commences with the date the loan is made. Differences in the lengths of months are disregarded, and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and if that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. For purposes of computing average daily balances, the creditor may elect to treat all months as consisting of thirty (30) days.

(5) With respect to a consumer loan made pursuant to a revolving loan account:

(a) the loan finance charge shall be deemed not to exceed the maximum annual percentage rate if the loan finance charge contracted for and received does not exceed a charge in each monthly billing cycle which is two and eighty-three thousandths percent (2.083%) of an amount not greater than:

(i) the average daily balance of the debt;

(ii) the unpaid balance of the debt on the same day of the billing cycle; or

(iii) subject to subsection (6), the median amount within a specified range within which the average daily balance or the unpaid balance of the debt, on the same day of the billing cycle, is included; for the purposes of this clause and clause (ii), a variation of not more than four (4) days from month to month is "the same day of the billing cycle";

(b) if the billing cycle is not monthly, the loan finance charge shall be deemed not to exceed the maximum annual percentage rate if the loan finance charge contracted for and received does not exceed a percentage which bears the same relation to one-twelfth (1/12) the maximum annual percentage rate as the number of days in the billing cycle bears to thirty (30); and

(c) notwithstanding subsection (1), if there is an unpaid balance on the date as of which the loan finance charge is applied, the lender may contract for and receive a charge not exceeding fifty cents ($0.50) if the billing cycle is monthly or longer, or the pro rata part of fifty cents ($0.50) which bears the same relation to fifty cents ($0.50) as the number of days in the billing cycle bears to thirty (30) if the billing cycle is shorter than monthly, but no charge may be made pursuant to this subdivision if the lender has made an annual charge for the same period as permitted by the provisions on additional charges in section 202(1)(c) of this chapter.

(6) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same loan finance charge on all amounts financed within a specified range. A loan finance charge does not violate subsection (1) if:

(a) when applied to the median amount within each range, it does not exceed the maximum permitted by subsection (1); and

(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to subdivision (a) by more than eight percent (8%) of the rate calculated according to subdivision (a).

(7) With respect to a consumer loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars ($30). The minimum loan finance charge allowed under this subsection may be imposed only if the lender does not contract for or receive a nonrefundable prepaid finance charge under subsection (9) and:

(a) the debtor prepays in full a consumer loan, refinancing, or consolidation, regardless of whether the loan, refinancing, or consolidation is precomputed;

(b) the loan, refinancing, or consolidation prepaid by the debtor is subject to a loan finance charge that:

(i) is contracted for by the parties; and

(ii) does not exceed the rate prescribed in subsection (1); and

(c) the loan finance charge earned at the time of prepayment is less than the minimum loan finance charge contracted for under this subsection.

(8) The amount of thirty dollars ($30) in subsection (7) is subject to change under the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 1992.

(9) Except as provided in subsection (7), and subject to subsection (12), in addition to the loan finance charge authorized by subsection (1) and to any other charges and fees permitted by this chapter, a lender may contract for and receive a nonrefundable prepaid finance charge of not more than the following:

(a) In the case of a consumer loan that is secured by an interest in land and that:

(i) is not made under a revolving loan account, two percent (2%) of the loan amount; or

(ii) is made under a revolving loan account, two percent (2%) of the line of credit.

(b) In the case of consumer loan that is not secured by an interest in land, fifty dollars ($50) if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:

(i) Seventy-five dollars ($75), in the case of a loan agreement for a principal amount which is two thousand dollars ($2,000) or less.

(ii) 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).

(iii) 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 24-4.5-1-106.

(10) The nonrefundable prepaid finance charge provided for in subsection (9) 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 (as defined in IC 24-4.5-1-301.5(12)), under subsection (9) that exceeds the applicable amount permitted by subsection (9)(b) constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. Any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) under subsection (9) that exceeds the applicable amount set forth in subsection (9)(b) is subject to refund.

(11) 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 24-4.5-6-106(2)(a). A determination by the director under this subsection:

(a) must be in writing;

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

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

(12) At the time of consummation of a consumer loan:

(a) the loan finance charge authorized by subsection (1); and

(b) the nonrefundable prepaid finance charge authorized by subsection (9) (including any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) that exceeds the applicable amount set forth in subsection (9)(b));

are subject to IC 35-45-7 and, when combined, may not exceed the rate set forth in IC 35-45-7-2.

(13) Notwithstanding subsections (9) and (10), 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:

(a) If the loan is paid in full by the new loan within three (3) months after the date of the prior loan, the lender may not charge a nonrefundable prepaid finance charge on the new loan, or, in the case of a revolving loan, on the increased credit line.

(b) The lender may not assess more than two (2) nonrefundable prepaid finance charges in any twelve (12) month period.

(c) Subject to subdivisions (a) and (b), if a loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender

may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (9)(b) for loan agreements entered into after June 30, 2020.

(14) In the case of a consumer loan that is secured by an interest in land, this section does not prohibit a lender from contracting for and receiving a fee for preparing deeds, mortgages, reconveyances, and similar documents under section 202(1)(d)(ii) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection (9).

SECTION 5. IC 24-4.5-3-202, AS AMENDED BY P.L.280-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 202. (1) In addition to the loan finance charge permitted by this chapter, a lender may contract for and receive the following additional charges in connection with a consumer loan:

(a) Official fees and taxes.

(b) Charges for insurance as described in subsection (2).

(c) Annual participation fees assessed in connection with a revolving loan account. Annual participation fees must:

(i) be reasonable in amount;

(ii) bear a reasonable relationship to the lender's costs to maintain and monitor the loan account; and

(iii) not be assessed for the purpose of circumvention or evasion of this article, as determined by the department.

(d) With respect to a debt secured by an interest in land, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this article:

(i) Fees for title examination, abstract of title, title insurance, property surveys, or similar purposes.

(ii) Fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents.

(iii) Notary and credit report fees.

(iv) Amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the loan finance charge.

(v) Appraisal fees.

(e) 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.

(f) 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.

(g) 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.

(h) With respect to a revolving loan account, a transaction fee that may not exceed the greater of the following:

(i) Two percent (2%) of the amount of the transaction.

(ii) Ten dollars ($10).

(i) A charge not to exceed twenty-five dollars ($25) for a skip-a-payment service, subject to the following:

(i) 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.

(ii) A charge for a skip-a-payment service may not be assessed with respect to a consumer loan subject to the provisions on rebate upon prepayment that are set forth in section 210 of this chapter.

(iii) 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 203.5 of this chapter.

(j) A charge not to exceed ten dollars ($10) for an optional expedited payment service, subject to the following:

(i) The charge may be assessed only upon request by the consumer to use the expedited payment service.

(ii) 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.

(iii) The consumer must be informed that the consumer retains

the option to make a payment by traditional means.

(iv) The charge may not be established in advance, through any agreement with the consumer, as the expected method of payment.

(v) The charge may not be assessed with respect to any payment for which a delinquency charge has been assessed under section 203.5 of this chapter.

(k) A charge for a GAP agreement, subject to subsection (3).

(l) With respect to consumer loans made by a person exempt from licensing under IC 24-4.5-3-502(1), a charge for a debt cancellation agreement, subject to the following:

(i) 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.

(ii) 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.

(iii) 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.

(iv) The consumer must sign or initial an affirmative written request for coverage after receiving all required disclosures.

(v) 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 (f) through (j) are not subject to refund or rebate.

(2) 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:

(a) 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

(b) 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.

(3) An additional charge may be made for a GAP agreement, subject to the following:

(a) A GAP agreement or GAP 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 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:

(i) Revolving loan accounts.

(ii) Closed-end credit transactions, if the request for coverage is made by mail or telephone.

(iii) Closed-end credit transactions, if the GAP agreement limits the total amount of indebtedness eligible for coverage.

(c) If the term of coverage under the GAP agreement is less than the term of the consumer loan, the term of coverage under the GAP agreement must be disclosed in writing to the consumer.

(d) The consumer must sign or initial an affirmative written request for coverage after receiving all required disclosures.

(e) The GAP agreement must include the following:

(i) In the case of GAP coverage for a new motor vehicle, the manufacturer's suggested retail price (MSRP) for the motor vehicle.

(ii) In the case of GAP coverage for a used motor vehicle, the ~~National Automobile Dealers Association (NADA)~~ average retail value for the motor vehicle, **as determined by use of a third party valuation service provider that is customarily relied upon in the used motor vehicle commercial marketplace.**

(iii) The name of the financing entity taking assignment of the

agreement, as applicable.

(iv) The name and address of the consumer.

(v) The name of the lender selling the agreement.

(vi) Information advising the consumer that the consumer may be able to obtain similar coverage from the consumer's primary insurance carrier.

(vii) A coverage provision that includes a minimum deductible of five hundred dollars ($500).

(viii) A provision providing for a minimum thirty (30) day trial period.

(ix) In the case of a consumer loan made with respect to a motor vehicle, a provision excluding the sale of GAP coverage if the amount financed under the consumer loan (not including the cost of the GAP agreement, the cost of any credit insurance, and the cost of any warranties or service agreements) is less than eighty percent (80%) of the manufacturer's suggested retail price (MSRP), in the case of a new motor vehicle, or of the ~~National Automobile Dealers Association (NADA)~~ 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.

(x) 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 (f).

(f) 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:

(i) 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.

(ii) The consumer is entitled to a refund of the unearned GAP agreement charge as outlined in the GAP agreement.

(iii) 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.

(g) Upon prepayment in full of the consumer loan:

(i) the GAP coverage is automatically terminated; and

(ii) the seller of the GAP agreement must issue a refund in accordance with subdivision (f).

(h) A lender that sells GAP agreements must:

(i) 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

(ii) retain appropriate records, as required under this article, regarding GAP agreements sold, refunded, and expired.

(4) As used in this section, "debt cancellation agreement" means an agreement that provides coverage for payment or satisfaction of all or part of a debt in the event of the loss of life, health, or income. The term does not include a GAP agreement.

(5) As used in this section, "expedited payment service" means a service offered to a consumer to ensure that a payment made by the consumer with respect to a consumer loan will be reflected as paid and posted on an expedited basis.

(6) As used in this section:

(a) "guaranteed asset protection agreement";

(b) "guaranteed auto protection agreement"; or

(c) "GAP agreement";

means, with respect to consumer loans involving motor vehicles or other titled assets, an agreement in which the lender agrees to cancel or waive all or part of the outstanding debt after all property insurance benefits have been exhausted after the occurrence of a specified event.

(7) As used in this section, "skip-a-payment service" means a service that:

(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.

SECTION 6. IC 24-4.5-3-508, AS AMENDED BY P.L.85-2020, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 508. Loan Finance Charge for Supervised Loans – (1) With respect to a supervised loan, including a loan pursuant to a revolving loan account, a supervised lender may contract for and receive a loan finance charge not exceeding that permitted by this section.

(2) The loan finance charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of:

(a) the total of:

(i) thirty-six percent (36%) per year on that part of the unpaid balances of the principal (as defined in section 107(3) of this chapter) which is two thousand dollars ($2,000) or less;

(ii) twenty-one percent (21%) per year on that part of the unpaid balances of the principal (as defined in section 107(3) of this chapter) which is more than two thousand dollars ($2,000) but does not exceed four thousand dollars ($4,000); and

(iii) fifteen percent (15%) per year on that part of the unpaid balances of the principal (as defined in section 107(3) of this chapter) which is more than four thousand dollars ($4,000); or

(b) twenty-five percent (25%) per year on the unpaid balances of the principal (as defined in section 107(3) of this chapter).

(3) In the case of a loan agreement entered into before July 1, 2020, this section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed:

(a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment in section 210 of this chapter.

After June 30, 2020, a loan agreement may not be entered into for a precomputed supervised loan. **The loan finance charge authorized by this section must be contracted for between the lender and the debtor, and must be calculated by applying a rate not exceeding the rate set forth in subsection (2) to unpaid balances of the principal (as defined in section 107(3) of this chapter).**

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded, and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same loan finance charge on all principal amounts within a specified range. A loan finance charge does not violate subsection (2) if:

(a) when applied to the median amount within each range, it does not exceed the maximum permitted in subsection (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to subdivision (a) by more than eight percent (8%) of the rate calculated according to subdivision (a).

(6) The amounts of two thousand dollars ($2,000) and four thousand dollars ($4,000) in subsection (2) and thirty dollars ($30) in subsection (7) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). However, notwithstanding IC 24-4.5-1-106(1), for the adjustment of the amount of thirty dollars ($30), the Reference Base Index to be used is the Index for October 1992. Notwithstanding IC 24-4.5-1-106(1), for the adjustment of the amounts of two thousand dollars ($2,000) and four thousand dollars ($4,000), the Reference Base Index to be used is the Index for October 2012.

(7) With respect to a supervised loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars ($30). The minimum loan finance charge allowed under this subsection may be imposed only if the lender does not assess a nonrefundable prepaid finance charge under subsection (8) and:

(a) the debtor prepays in full a consumer loan, refinancing, or consolidation, regardless of whether the loan, refinancing, or consolidation is precomputed;

(b) the loan, refinancing, or consolidation prepaid by the debtor is subject to a loan finance charge that:

(i) is contracted for by the parties; and

(ii) does not exceed the rate prescribed in subsection (2); and

(c) the loan finance charge earned at the time of prepayment is less than the minimum loan finance charge contracted for under this subsection.

(8) Except as provided in subsections (7) and (10)(c), in addition to the loan finance charge provided for in this section and to any other charges and fees permitted by this chapter, the lender may contract for and receive a nonrefundable prepaid finance charge of not more than fifty dollars ($50) if the loan agreement is entered into before July 1, 2020. If the loan agreement is entered into after June 30, 2020, not more than the following:

(a) Seventy-five dollars ($75), in the case of a loan agreement for a principal amount which is two thousand dollars ($2,000) or less.

(b) One hundred fifty dollars ($150) in the case of a loan agreement for a principal amount which is more than two thousand dollars ($2,000) but does not exceed four thousand

dollars ($4,000).

(c) Two hundred dollars ($200) in the case of a loan agreement for a principal amount which is more than four thousand dollars ($4,000).

The amounts in this subsection are not subject to change under IC 24-4.5-1-106.

(9) The nonrefundable prepaid finance charge provided for in subsection (8) is not subject to refund or rebate. However, for any supervised loan entered into after June 30, 2020, any amount charged by the lender, other than by a lender that is a depository institution (as defined in IC 24-4.5-1-301.5(12)), under subsection (8) that exceeds the applicable amount permitted by subsection (8) constitutes a violation of this article under IC 24-4.5-6-107.5(l) and is subject to refund. Any amount charged by a depository institution (as defined in IC 24-4.5-1-301.5(12)) under subsection (8) that exceeds the applicable amount set forth in subsection (8) is subject to refund.

(10) Notwithstanding subsections (8) and (9), in the case of a supervised loan that is not secured by an interest in land, if a lender retains any part of a nonrefundable prepaid finance charge charged on a loan that is paid in full by a new loan from the same lender, the following apply:

(a) If the loan is paid in full by the new loan within three (3) months after the date of the prior loan, the lender may not charge a nonrefundable prepaid finance charge on the new loan, or, in the case of a revolving loan, on the increased credit line.

(b) The lender may not assess more than two (2) nonrefundable prepaid finance charges in any twelve (12) month period.

(c) Subject to subdivisions (a) and (b), if a supervised loan that is entered into by a lender and a debtor before July 1, 2020, is paid in full by a new loan from the same lender after June 30, 2020, the lender may contract for and receive a nonrefundable prepaid finance charge in the amount set forth in subsection (8) for loan agreements entered into after June 30, 2020.

(11) In the case of a supervised loan that is secured by an interest in land, this section does not prohibit a lender from contracting for and receiving a fee for preparing deeds, mortgages, reconveyances, and similar documents under section 202(1)(d)(ii) of this chapter, in addition to the nonrefundable prepaid finance charge provided for in subsection (8).

SECTION 7. IC 24-7-3-3, AS AMENDED BY P.L.69-2018, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 3. The lessor shall disclose the following:

(1) A brief description of the property sufficient to identify the property to the lessee and lessor.

(2) The total number, total amount, and timing of all rental payments necessary to acquire ownership of the property, including:

(A) any initial payment, less any:

(i) optional liability waiver fees under IC 24-7-5-11; ~~and~~

(ii) optional products and services offered contemporaneously with the rental purchase agreement under IC 24-7-8-6; **and**

(iii) security deposit, if required;

(B) all regular rental payments; and

(C) taxes paid to or through the lessor.

(3) A statement that the lessee will not own the property until the lessee has:

(A) made all regular rental payments, as well as any initial rental payment, necessary to acquire ownership of the property; or

(B) exercised an early purchase option.

(4) A statement that charges in addition to the total rental payments necessary to acquire ownership of the leased property may be imposed under the agreement and that the lessee should read the contract for an explanation of these charges.

(5) A brief explanation of all additional charges that may be imposed under the agreement. If a security deposit is required, the explanation must include an explanation of the conditions under which the deposit will be returned to the lessee.

(6) A statement indicating who is responsible for property if it is lost, stolen, damaged, or destroyed.

(7) A statement indicating that the value of lost, stolen, damaged, or destroyed property is its fair market value on the date that it is lost, stolen, damaged, or destroyed.

(8) A statement indicating whether the property is new or used. However, property that is new may be described as used.

(9) A statement that the lessee has an early purchase option to purchase the property at any time during the period that the rental purchase agreement is in effect. The statement must specify the price or the formula or other method for determining the price at which the property may be purchased.

(10) A brief explanation of the lessee's right to reinstate a rental purchase agreement and a description of the amount, or method of determining the amount, of any penalty or other charge

applicable under IC 24-7-5 to the reinstatement of a rental purchase agreement.

(11) An itemization of all charges and fees included in any initial rental payment.

SECTION 8. IC 24-7-7-1, AS AMENDED BY P.L.69-2018, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 1. (a) The department shall enforce this article. To carry out this responsibility, the department may do the following:

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

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

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

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

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

(6) Adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to carry out this article.

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

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

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

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

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

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

SECTION 9. IC 28-1-2-30, AS AMENDED BY P.L.136-2018, SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. **(a) As used in this section, "financial institution" means any bank, trust company, corporate fiduciary, savings association, credit union, savings bank, bank of discount and deposit, or industrial loan and investment company organized or reorganized under the laws of this state, and includes**

licensees and registrants under IC 24-4.4, IC 24-4.5, IC 24-7, IC 24-12, IC 28-1-29, IC 28-7-5, IC 28-8-4, IC 28-8-5, and 750 IAC 9.

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

SECTION 10. IC 28-7-1-31, AS AMENDED BY P.L.35-2010, SECTION 167, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 31. Every credit union shall make provisions for adequate fidelity coverage for **all** directors, officers, and employees **having access to money or bonds** of the credit union. The amount and form of fidelity coverage must be approved **annually** by the board of directors of the credit union. Coverage may be provided:

(1) in the form of a blanket fidelity bond issued by a corporate surety authorized to transact business in Indiana; or

(2) through the establishment of a separate reserve fund within the credit union for that purpose.

SECTION 11. IC 28-8-4-15, AS AMENDED BY P.L.129-2020, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 15. (a) As used in this chapter, "payment instrument" means:

(1) a check;

(2) a draft;

(3) a money order;

(4) a traveler's check;

(5) a stored value card, ~~or stored value account,~~ other than a closed system stored value card; or

(6) an instrument or written order for the transmission or payment of money;

sold or issued to one (1) or more persons, whether such instrument is negotiable.

(b) As used in this chapter, "payment instrument" does not include:

(1) a credit card voucher;

(2) a letter of credit;

(3) an instrument that is redeemable by the issuer in goods or services; or

(4) a closed system stored value card.

SECTION 12. IC 28-8-4-19.5, AS AMENDED BY P.L.32-2021, SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 19.5. As used in this chapter, ~~"stored value account"~~ ~~or~~ "stored value card" means ~~any account,~~ **a** card or device that:

(1) may be used by a holder to:

(A) perform financial transactions; or

(B) obtain, purchase, or receive money, goods, or services;

in an amount or having a value that does not exceed the dollar value of the ~~account,~~ card; ~~or device;~~ and

(2) ~~either:~~

~~(A)~~ ~~in the case of a card or similar device,~~ has a magnetic stripe or computer chip that enables dollar values to be electronically added to or deducted from the dollar value of the card. ~~or~~

~~(B) in the case of an account, uses an account number unique to the holder for the purposes set forth in subdivision (1).~~

SECTION 13. IC 28-10-1-1, AS AMENDED BY P.L.54-2021, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 1. A reference to a federal law or federal regulation in this title is a reference to the law or regulation as in effect December 31, ~~2020.~~ **2021.**

SECTION 14. IC 28-15-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. "Savings association" means any:

(1) building and loan association;

(2) savings and loan association;

(3) rural loan and savings association; or

(4) guaranty loan and savings association;

organized **or reorganized** and operating under the laws of Indiana, **any other state, or the United States,** whether in stock or mutual form.

SECTION 15. IC 28-15-10-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in this chapter, "Indiana savings association" means:

(1) a savings association whose home office is located in Indiana; or

(2) a federal savings ~~and loan~~ association whose home office is located in Indiana.

SECTION 16. IC 28-15-14-1, AS AMENDED BY P.L.27-2012, SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A savings association

may be:

(1) merged or consolidated with; or

(2) converted into;

a federal savings ~~and loan~~ association, under the charter of the federal savings ~~and loan~~ association or under a new charter issued to the converted association or the merged or consolidated association, upon a vote of fifty-one percent (51%) or more of the votes cast at a legal meeting of the shareholders and members of the state chartered savings association called to consider the proposed merger, consolidation, or conversion.

(b) A merger, consolidation, or conversion under this section must be accomplished:

(1) in compliance with the laws of the United States relating to the merger, consolidation, or conversion; and

(2) upon terms and conditions prescribed or approved by the Office of the Comptroller of the Currency or its successor.

SECTION 17. IC 28-15-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If a savings association:

(1) merges with;

(2) consolidates with; or

(3) is converted into;

a federal savings ~~and loan~~ association, the savings association shall file with the secretary of state three (3) copies of a certificate executed by a duly constituted federal authority showing the merger, consolidation, or conversion.

(b) Upon the payment of the fees prescribed by law, the secretary of state shall:

(1) note the filing upon each of the copies;

(2) retain one (1) copy in the secretary's office; and

(3) return two (2) copies to the association.

(c) One (1) of the copies returned to a savings association under subsection (b) shall be filed by the savings association with the department and the other copy shall be filed with the recorder of the county in which the principal office of the savings association is located.

(d) Upon completion of the filings required by this section, the savings association ceases to be a corporation under Indiana law, except as provided in section 4 of this chapter.

SECTION 18. IC 28-15-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Upon the effective date of a merger, consolidation, or conversion under sections

1 and 2 of this chapter, all of the assets and property of the state chartered savings association of every kind and character, including:

(1) real, personal, and mixed property;

(2) tangible and intangible property; and

(3) choses in action, rights, and credits that:

(A) the savings association owns; or

(B) would inure to the savings association;

shall immediately, by operation of law and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of the federal savings ~~and loan~~ association.

(b) A federal savings ~~and loan~~ association referred to in subsection (a) shall have, hold, and enjoy the assets and property of the state chartered savings association after a merger, consolidation, or conversion under sections 1 and 2 of this chapter in its own right, as fully and to the same extent that the assets and property were possessed, held, and enjoyed by the state chartered savings association before the merger, consolidation, or conversion.

(c) After a merger, consolidation, or conversion under sections 1 and 2 of this chapter, the federal savings ~~and loan~~ association is considered a continuation of the entity and identity of the state chartered savings association, and all of the rights and obligations of the savings association remain unimpaired.

(d) The federal association, at the time of the taking effect of the merger, consolidation, or conversion under sections 1 and 2 of this chapter, shall succeed to all of the rights and obligations and the duties and liabilities connected with the state chartered savings association.

SECTION 19. IC 28-15-14-4, AS AMENDED BY P.L.27-2012, SECTION 119, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Subject to regulations prescribed by the Office of the Comptroller of the Currency or its successor, a federal savings ~~and loan~~ association located in Indiana **or in any other state,** by resolution approved by its board of directors and adopted by a vote of fifty-one percent (51%) or more of the votes cast at any annual meeting or at any special meeting of its members called to consider the action, may convert itself into a state chartered savings association under this article.

(b) A resolution referred to in subsection (a), when adopted by the members of a federal savings ~~and loan~~ association, must:

(1) designate the names and the number of the directors who will serve as directors of the savings association after the conversion takes effect; and

(2) authorize the directors to execute articles of incorporation.

(c) The articles of incorporation executed under this section must include the contents required by IC 28-12-2-1 except that, instead of disclosing the name and address of each incorporator as required by IC 28-12-2-1(4), the articles must:

(1) indicate that the savings association is incorporated by conversion of a federal savings ~~and loan~~ association into a state chartered savings association; and

(2) state the name of the federal savings ~~and loan~~ association converted under this section.

(d) The department must receive from the federal savings ~~and loan~~ association:

(1) three (3) copies of the resolution, certified by the secretary or assistant secretary of the federal savings ~~and loan~~ association; and

(2) the articles of incorporation, in triplicate, signed and acknowledged by the directors designated under subsection (b)(1).

(e) The department shall approve or disapprove the proposed conversion of a federal savings ~~and loan~~ association into a state chartered savings association under this section. The department may not approve a proposed conversion unless the department, after appropriate investigation or examination, finds all of the following:

(1) That the state chartered savings association resulting from the conversion will operate in a safe, sound, and prudent manner.

(2) That the proposed charter conversion will not result in a state chartered savings association that has:

(A) inadequate capital;

(B) unsatisfactory management; or

(C) poor earnings prospects.

(3) That the management or other principals of the savings association are qualified by character and financial responsibility to control and operate in a legal and proper manner the proposed state chartered savings association.

(4) That the interests of the depositors, the creditors, and the public generally will not be jeopardized by the proposed charter conversion.

(f) If the department approves the resolution and articles of incorporation submitted under subsection (d), the department shall:

(1) indicate its approval on the resolution and articles of incorporation in the manner prescribed by IC 28-12-5-1; and

(2) present the articles of incorporation to the secretary of state.

(g) If the secretary of state finds that the articles of incorporation conform to law, the secretary of state shall:

(1) endorse the secretary's approval on the copies of the articles of incorporation;

(2) when all fees required by law have been paid:

(A) file one (1) copy of the articles of incorporation in the secretary's office; and

(B) issue a certificate of incorporation to the savings association; and

(3) return the certificate of incorporation and two (2) copies of the articles of incorporation to the directors of the savings association designated under subsection (b)(1).

(h) The conversion of a federal savings ~~and loan~~ association into a state chartered savings association under this section is effective when the secretary of state issues the certificate of incorporation under subsection (g). However, before the savings association may transact business under this article or incur indebtedness, except indebtedness that is incidental to its organization, one (1) of the copies of its articles of incorporation bearing the endorsement of the approval of the department and of the secretary of state must be filed for record with the recorder of the county in which the principal office of the savings association is located.

SECTION 20. IC 28-15-14-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Upon the effective date of the conversion of a federal savings ~~and loan~~ association into a state chartered savings association under section 4 of this chapter, all of the assets and property of the federal savings ~~and loan~~ association of every kind and character, including:

(1) real, personal, and mixed property;

(2) tangible and intangible property; and

(3) choses in action, rights, and credits that:

(A) the savings ~~and loan~~ association owns; or

(B) would inure to the savings ~~and loan~~ association;

shall immediately, by operation of law and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of the state chartered savings association.

(b) After the conversion of a federal savings ~~and loan~~ association into a state chartered savings association under section 4 of this chapter:

(1) the state chartered savings association shall have, hold, and enjoy the assets and property of the federal savings ~~and loan~~ association in its own right, as fully and to the same extent that the assets and property were possessed, held, and enjoyed by the federal savings ~~and loan~~ association before the conversion; and

(2) the state chartered savings association is considered a continuation of the entity and identity of the federal savings ~~and loan~~ association, and all of the rights and obligations of the federal savings ~~and loan~~ association remain unimpaired.

(c) When the conversion of a federal savings ~~and loan~~ association into a state chartered savings association under section 4 of this chapter takes effect, the state chartered savings association succeeds to all of the rights and obligations and the duties and liabilities connected with the federal savings ~~and loan~~ association.

SECTION 21. IC 28-15-14-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. After the conversion of a federal savings ~~and loan~~ association into a state chartered savings association under section 4 of this chapter, the organization of the savings association shall be completed in the manner provided by IC 28-12, except that bylaws for the savings association:

(1) may be adopted by the members of the federal association when the members adopt the resolution authorizing the conversion; and

(2) may become effective upon the issuance of the certificate of incorporation under section ~~4(f)~~ **4(g)** of this chapter.

SECTION 22. **An emergency is declared for this act.**

President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____