Indiana Department of Financial Institutions
3/18/2019

$605 Loan for 14 day Term	**total amount repaid by borrower**	**effective annual percentage rate (APR)**
Current Law - "traditional" loans (24-4.5-3)	$621.70	71.97%
SB 613 - expanded "traditional" loan (24-4.5-3)	$763.35	682.38%*
Current Law - "payday" loans (24-4.5-7)	$682.50	333.97%
SB 613 - NEW "payday" installment loan (24-4.5-7) *based on min loan amount of $605.01	986.16*	192.46%
SB 613 - NEW short term consumer installment loan (24-4.5-8)	$791.19	99.00%

*based on $150 + 36% rate; if loans are subject to the 72% loansharking rate, as believe was intended by the drafter, the amount repaid and APR would be reduced to the same repayment amount as under current law

$1,500 Loan for 12 months	**total amount repaid by borrower**	**effective annual percentage rate (APR)**
Current Law - "traditional" loans (24-4.5-3)	$1,858.31	41.52%
SB 613 - expanded "traditional" loan (24-4.5-3)	$1,958.31	52.33%
Current Law - "payday" loans (24-4.5-7)	Not permitted	N/A
SB 613 - NEW "payday" installment loan (24-4.5-7)	$3,097.87	160.90%
SB 613 - NEW short term consumer installment loan (24-4.5-8)	$2,419.52	99.00%

$4,000 Loan for 18 months	**total amount repaid by borrower**	**effective annual percentage rate (APR)**
Current Law - "traditional" loans (24-4.5-3)	$5,122.06	32.92%
SB 613 - expanded "traditional" loan (24-4.5-3)	$5,385.06	40.04%
Current Law - "payday" loans (24-4.5-7)	Not permitted	N/A
SB 613 - NEW "payday" installment loan (24-4.5-7)	Not permitted	N/A
SB 613 - NEW short term consumer installment loan (24-4.5-8)	$7,816.23	99.00%

CURRENT LAW VS. PROPOSED LAW	***CHARACTERISTICS***
Current Law - "payday" loans (24-4.5-7)	- maximum loan amount of $605 -tier based finance charges -no additional charges permitted -consumer guardrails -eligibility testing tool through Veritec reporting system -income limitations (20% monthly gross income)
Current Law - "traditional" loans (24-4.5-3)	-blended rate finance charge, that decreases as principal increases -$50 non-refundable prepaid finance charge -subject to 72% criminal loansharking cap -no limits on amount borrowed or term
SB 613 - expanded "traditional" loan (24-4.5-3)	-incorporation of SB 587 -increases non-refundable prepaid finance charge from $50 to $150 -increases flat rate finance charge from 25% to 36% -eliminates blended interest rate -unclear if 72% loansharking rate is changed
SB 613 - NEW "payday" installment loan (24-4.5-7)	-incorporation of HB 1319 (GA 2018) -finance charge is comprised of both a monthly account maintenance fee of $8/$100 originally borrowed for life of loan (subject to pro-rata refund at early payoff) plus a tier based fee that is fully earned at the time the loan is made and non-refundable - Amount consumer receives: minimum $605.01, max $1,500 -minimum term of 6 months, max term of 12 months
SB 613 - NEW short term consumer installment loan (24-4.5-8)	- exempt from 72% loansharking cap; creates a new "cap" at 99% - $150 non-refundable prepaid finance charge - minimum term of 6 months; no max term (must be repaid in six substantially equal installments) -additional charges permitted outside of finance charge such as: credit insurance, skip a pay fee, delinquency charges, expedited payment fees - restricts only one $4,000 loan per lender, but does not restrict consumer from obtaining more than one $4,000 loan from multiple lenders (no Veritec system) - combines the benefits of current chapters 3 and 7 without equivalent consumer guardrails or back stops -no clear distinction between loans made under new chapter 8, and existing chapters 3 and 7; creates a regulatory issue and compliance challenge that would require agency interpretation -does not restrict what a consumer pledges as security; creates title lending market not currently viable under chpt. 3 and not permitted under chpt. 7