



SENATE BILL 329: Retail Installment Sales Act Amendments.

2023-2024 General Assembly

Committee:		Date:	December 21, 2023
Introduced by:		Prepared by:	Greg Roney Staff Attorney
Analysis of:	S.L. 2023-60		

OVERVIEW: S.L. 2023-60 modifies the maximum finance charge rates that can be applied to consumer credit installment sale contracts and increases from \$15 to \$18 the default charge for past due installment payments.

This bill was vetoed by the Governor on June 19, 2023, and that veto was overridden by the General Assembly on June 27, 2023. This act became effective October 1, 2023, and applies to contracts entered into, modified, or renewed on or after that date.

CURRENT LAW: The Retail Installment Sales Act governs consumer credit sales. A consumer credit sale is a sale of personal, family, household, or agricultural goods or services by a seller that regularly arranges for an extension of consumer credit, either payable in installments or with a finance charge, where the amount financed does not exceed \$75,000, unless it is a debt secured by real property or a manufactured home. The Act includes limits on finance charge rates and default charges as well as terms of payments. Notwithstanding the rates set out below, if the amount financed is secured in whole or in part by a security interest in real property, the finance charge rate cannot exceed 16% per annum. If any installment is past due for 10 days or more, the seller can assess a \$15 default charge.

Rates Applicable to Goods & Services Other Than Motor Vehicles

The maximum finance charge rates that can be applied to a consumer credit installment sale contract, other than an installment contract repayable in not less than six installments for a self-propelled motor vehicle, are as follows:

<u>Amount Financed</u>	<u>Finance Charge Rate (per annum)</u>
< \$1,500	24%
≥ \$1,500 < \$2000	22%
≥ \$2000 < \$3,000	20%
≥ \$3,000	18%

Rates Applicable to Certain Motor Vehicles

For a consumer credit installment sale contract for a self-propelled motor vehicle that is repayable in at least six installments, the rate cannot exceed the higher of the rates shown above or the rates shown below:

<u>Model Year of Vehicle</u>	<u>Finance Charge Rate (per annum)</u>
1 and 2 model years old	18%
3 model years old	20%
4 model years old	22%
5 model years old and older	29%

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Director



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A motor vehicle is one model years old on January 1 of the year following the designated year model of the vehicle.

BILL ANALYSIS: Section 1 of the act does two things:

- It sets the maximum finance charge rates for consumer credit installment sale contracts for goods and services other than motor vehicles as follows:

<u>Amount Financed</u>	<u>Finance Charge Rate (per annum)</u>
≤ \$3,000	24%
>\$3,000	21%

- For consumer credit installment sales contracts for motor vehicles that are repayable in at least six installments, the maximum finance charge rates would be the higher of the rate set for other goods and services (see above) or the rates set forth below based on the model year of the vehicle:

<u>Model Year of Vehicle</u>	<u>Finance Charge Rate (per annum)</u>
1 to 3 model years old	20%
4 to 5 model years old	26%
6 model years and older	30%

Section 2 of the act increases from \$15 to \$18 the amount that a seller can charge a buyer when any installment payment under a consumer credit installment sale contract is past due for 10 days or more.

EFFECTIVE DATE: This bill was vetoed by the Governor on June 19, 2023, and that veto was overridden by the General Assembly on June 27, 2023. This act became effective October 1, 2023, and applies to contracts entered into, modified, or renewed on or after that date.