

§2-510. Rebate upon prepayment

1. Except as provided in subsection 2, upon prepayment in full of the unpaid balance of a precomputed consumer credit transaction, an amount not less than the unearned portion of the finance charge calculated according to this section shall be rebated to the consumer. If the rebate otherwise required is less than \$1, no rebate need be made.

[PL 1975, c. 433, §1 (RPR).]

2. Upon prepayment in full, but not upon a refinancing, section 2-504, of a consumer credit transaction, whether or not precomputed, other than one pursuant to open-end credit, the creditor may collect or retain a minimum charge as permitted by section 2-201, subsection 6, and section 2-401, subsection 7, if the minimum charge was contracted for and the finance charge at the time of prepayment is less than the minimum charge contracted for.

[PL 1975, c. 433, §1 (RPR).]

3. The creditor shall recompute or redetermine the earned finance charge by applying, according to the actuarial method, the annual percentage rate of finance charge required to be disclosed to the consumer pursuant to law to the actual unpaid balances of the amount financed for the actual time that the unpaid balances were outstanding as of the date of prepayment, giving effect to each payment, including payments of any deferral and delinquency charges, as of the date of the payment. The administrator shall adopt rules to simplify the calculation of the unearned portion of the finance charge, including allowance of the use of tables or other methods derived by application of a percentage rate which deviates by not more than 1/2 of 1% from the rate of the finance charge required to be disclosed to the consumer pursuant to law, and based on the assumption that all payments were made as originally scheduled or as deferred.

[PL 1979, c. 661, §2 (RPR).]

4.

[PL 1979, c. 661, §2 (RP).]

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[PL 1979, c. 661, §2 (RP).]

6. For transactions in which payments are not scheduled to be made in substantially equal instalments at equal periodic intervals, the administrator shall adopt rules consistent with this section providing for the calculation of the unearned portion of the finance charge.

[PL 1975, c. 433, §1 (RPR).]

7. Except as otherwise provided in subsection 3, this section does not preclude the collection or retention by the creditor of delinquency charges, section 2-502.

[PL 1979, c. 661, §3 (AMD).]

8. If the maturity is accelerated for any reason and judgment is entered, the consumer is entitled to the same rebate as if payment had been made on the date judgment is entered.

[PL 1975, c. 433, §1 (RPR).]

9. Upon prepayment in full of a precomputed consumer credit transaction by the proceeds of consumer credit insurance, section 4-103, the consumer or his estate is entitled to the same rebate as though the consumer had prepaid the agreement on the date the proceeds of insurance are paid to the creditor, but no later than 14 days after satisfactory proof of loss is furnished to the creditor.

[PL 1975, c. 433, §1 (RPR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 433, §1 (RPR). PL 1979, c. 661, §§2,3 (AMD).

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