

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: H4/1/13
A Bill

HOUSE BILL 1748

By: Representative Vines
By: Senator J. Hutchinson

For An Act To Be Entitled

AN ACT TO CLARIFY THE CALCULATION OF INTEREST AND
APPLICATION OF PAYMENTS FOR CERTAIN EXTENSIONS OF
CREDIT; AND FOR OTHER PURPOSES.

Subtitle

TO CLARIFY THE CALCULATION OF INTEREST
AND APPLICATION OF PAYMENTS FOR CERTAIN
EXTENSIONS OF CREDIT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-57-101(c), concerning the calculation of interest, is amended to read as follows:

(c)(1)(A)(i) In calculating interest ~~where partial payments may have been for a partial payment that is made~~ a consumer loan, the interest shall be calculated to the time when the ~~first partial~~ payment shall have been ~~was~~ made, and the partial payment shall first be applied to the payment of the interest.

(ii) If the partial payment exceeds the interest due on a consumer loan, the balance of the partial payment shall be applied to ~~diminish~~ reduce the principal of the debt., ~~and the same course shall be observed in~~

(B) The method for calculating interest and applying payments under subdivision (c)(1)(A) of this section shall apply to all subsequent payments.

(2) ~~However, in no case when~~ Interest shall not be added to the



~~principal balance of a *consumer loan* if a payment falls short of paying the interest due at the time of making the payment shall the balance of the interest be added to the principal.~~

(3) Subdivisions (c)(1) and (2) of this section do not apply to commercial credit, including without limitation commercial real estate financing transactions.

(4) As used in this subsection, "consumer loan" means an extension of credit for personal, family, or household purposes but does not include credit card debt, open account debt, or installment loans.

/s/Vines

APPROVED: 04/12/2013