

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

As Engrossed: H4/1/13
A Bill

HOUSE BILL 1748

5 By: Representative Vines
6 By: Senator J. Hutchinson
7

For An Act To Be Entitled

9 AN ACT TO CLARIFY THE CALCULATION OF INTEREST AND
10 APPLICATION OF PAYMENTS FOR CERTAIN EXTENSIONS OF
11 CREDIT; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO CLARIFY THE CALCULATION OF INTEREST
16 AND APPLICATION OF PAYMENTS FOR CERTAIN
17 EXTENSIONS OF CREDIT.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 4-57-101(c), concerning the calculation of
23 interest, is amended to read as follows:

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

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

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

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



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

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

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

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11 /s/Vines

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14 **APPROVED: 04/12/2013**