1	State of Arkansas	*As Engrossed: H4/1/13*
2	89th General Assembly	A Bill
3	Regular Session, 2013	HOUSE BILL 1748
4		
5	By: Representative Vines	
6	By: Senator J. Hutchinson	

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8 **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.

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14   **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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