

## 9-A §2-504. FINANCE CHARGE ON REFINANCING

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With respect to a consumer credit transaction, except a consumer lease, the creditor by agreement with the consumer may refinance the unpaid balance and contract for and receive a finance charge based on the amount financed resulting from the refinancing at a rate not exceeding that permitted by the provisions on finance charge for consumer credit sales other than open-end credit, section 2-201, if a consumer credit sale is refinanced, or for consumer loans, section 2-401, if a consumer loan is refinanced. For the purpose of determining the finance charge permitted, the amount financed resulting from the refinancing is composed of the following: [1989, c. 600, Pt. B, §§7, 8 (AFF); 1989, c. 457, §§2, 8, 9 (RPR).]

Subject to section 2-308, with respect to a consumer credit transaction, the creditor may, by agreement with the consumer, refinance the unpaid balance and may contract for and receive a finance charge based on the amount financed resulting from the refinancing at a rate not exceeding by 1% per year the rate charged in the original agreement and stated to the consumer pursuant to the provisions on disclosure. This section shall not apply to consumer loans in which the principal of the loans is payable in a single payment on demand or at a specified time and the finance charge, calculated according to the actuarial method, does not exceed 12 1/4% per year, or to consumer loans which, at the time of refinancing, are secured by a savings or time deposit, provided that the difference between the rate of interest charged on the loan secured by the deposit does not exceed the difference between the rate of interest earned on the savings or time deposit and the rate of interest charged on the loan secured by that deposit for the loan that is being refinanced or upon voluntarily providing different collateral other than that securing the original loan, provided that the consumer has not been in default on the loan with the creditor within the 12-month period preceding the refinancing of the loan. This section does not apply to consumer loans in which the principal is payable in a single payment on demand or at a specified time and the debt is secured by an interest in securities, bonds, debentures or other corporate obligations. For the purpose of determining the finance charge permitted, the amount financed resulting from the refinancing comprises the following: [1987, c. 129, §§49, 50 (RPR).]

**1. An amount equal to:**

A. If the transaction was not precomputed, the total of the unpaid balance and the accrued charges, with the exception of any minimum charge, on the date of the refinancing; or [1987, c. 129, §48 (NEW).]

B. If the transaction was precomputed, the amount which the consumer would have been required to pay upon prepayment pursuant to the provision on rebate upon prepayment, section 2-510, on the date of refinancing, but for the purpose of computing this amount no minimum charge is permitted; and [1987, c. 129, §48 (NEW).]

[ 1987, c. 129, §48 (NEW) .]

**2. Appropriate additional charges, section 2-501, payment of which is deferred.**

[ 1987, c. 129, §48 (RPR) .]

#### SECTION HISTORY

1973, c. 762, §1 (NEW). 1975, c. 173, §2 (AMD). 1979, c. 660, §§7,8 (AMD). 1981, c. 235, §3 (AMD). 1983, c. 77, (AMD). 1985, c. 316, §1 (AMD). 1985, c. 819, §A12 (AMD). 1987, c. 129, §§49,50 (RPR). 1987, c. 129, §48 (RPR). 1989, c. 457, §§2,8,9 (AMD). 1989, c. 600, §§B7,8 (AMD).

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