



# HOOSIERS FOR RESPONSIBLE LENDING

## SB 352 dangerously increases basic costs of borrowing for Hoosiers over current law

Under SB 352, these are borrowers' only options, so there will be no "rate shopping." Lenders do and will continue to charge the highest rates possible. [See additional details for these examples.](#)

<b>Example 1: \$6,000 loan for a used car loan over 12 months</b>	
Under current Indiana law	Under SB 352*
Monthly payments = \$589.27	Monthly payments = \$977.08
Cost of credit = \$1,071.29 (18% of original loan)	Cost of credit = \$5,727 (95% of original loan)
APR = 25%	APR = 140%/146%
<b>Total cost = \$7,071.29</b>	<b>Total cost = \$11,725</b>
<b>Bottom line: After SB 352, a borrower will pay \$4,653.71 more than under current law for a total of \$11,725 paid for a \$6,000 used car loan.</b>	

<b>Example 2: \$400 loan for emergency winter furnace repair over 3 months</b>	
Under current Indiana law	Under SB 352*
Monthly payments = \$167.93	Monthly payments = \$211.09
Cost of credit = \$103.78 (26% of original loan)	Cost of credit = \$233.27 (58% of original loan)
APR = 36%	APR = 231%/324%
<b>Total cost = \$503.78</b>	<b>Total cost = \$633.27</b>
<b>Bottom line: After SB 352, borrowers will pay over twice as much in charges and fees than under current law, for a total of \$633.27 paid for a \$400 furnace repair.</b>	

<b>Example #3: \$1,600 loan to replace hot water heater &amp; plumbing over 6 months</b>	
Under current Indiana law	Under SB 352*
Monthly payments = \$309.20	Monthly payments = \$512.59
Cost of credit = \$255.20 (16% of original loan)	Cost of credit = \$1,475.52 (92% of original loan)
APR = 36%	APR = 256%/271%
<b>Total cost = \$1,855.20</b>	<b>Total cost = \$3,075.52</b>
<b>Bottom line: After SB 352, borrowers will pay \$1,220.32 more in charges and fees than under current law, for a total of \$3,075.52 paid for a \$1,600 hot water heater repair.</b>	

\* It is not known yet how the Indiana Department of Financial Institutions will classify underwriting fees allowed under SB 352 that affect APRs, so they are calculated both ways here.