

**371.270 Charge for installment defaults -- Refinancing options.**

- (1) The holder of any retail installment contract, if it so provides, may collect a delinquency and collection charge on each installment in default for a period of more than ten (10) days in the amount not to exceed five (5%) percent of each installment or ten dollars (\$10), whichever is greater, provided that a minimum charge of one dollar (\$1) may be made, or, in lieu thereof, interest after maturity on each such installment not to exceed the highest lawful contract rate.
- (2) The holder of a retail installment contract upon request by the buyer, may agree to an amendment thereto to extend or defer the scheduled due date of all or any part of any installment or installments or to renew, restate or reschedule the unpaid balance of the contract, and may collect for same a refinance charge not to exceed an amount ascertained as provided under either of the following optional methods of computation:
  - Option I. The refinance charge may be computed on the amount of the scheduled installment or installments extended or deferred for the period of extension or deferment at the rate of one and one-half percent (1.5%) per month; provided that a minimum deferment charge of one dollar (\$1) shall be permitted. Such amendment may also include payment by the buyer of the additional cost to the holder of premiums for continuing in force any insurance coverages provided for in the contract until the end of such deferral period, and of any additional necessary official fees.
  - Option II. The refinance charge may be computed as follows: The sum of the unpaid balance as of the refinancing date and the cost for any insurance and other benefits incidental to the refinancing, and for any additional necessary official fees and any accrued delinquency and collection charges, after deducting a refund credit as for prepayment pursuant to subsection (2) of KRS 371.260, shall constitute a principal balance for such refinancing on which the refinance charge may be computed for the term of the refinanced contract at the applicable rate for finance charges. Acquisition costs under the refund schedule in subsection (2) of KRS 371.260 shall not apply in calculating refinance charges.
- (3) The amendment to the contract must be confirmed in a writing signed by the holder. The writing shall set forth the terms of the amendment and the new due dates and amounts of the installments, and shall either be delivered to the buyer or mailed to him at his address as shown on the contract. Said writing together with the original contract and any previous amendments thereto shall constitute the retail installment contract.

**Effective:** July 15, 1996

**History:** Amended 1996 Ky. Acts ch. 59, sec. 2, effective July 15, 1996. -- Created 1962 Ky. Acts ch. 136, sec. 2(11).