

# HOUSE . . . . . No. 1560

By Mr. Cain of Wilmington, petition of the Massachusetts State Automobile Dealers Association, Inc., and Fred F. Cain for regulating further the refund credit which an instalment buyer who pays in full before maturity shall receive. Banks and Banking.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Six.

AN ACT FURTHER REGULATING THE REFUND CREDIT WHICH AN INSTALMENT BUYER WHO PAYS IN FULL BEFORE MATURITY SHALL RECEIVE.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 255B of the General Laws is hereby amended by  
2 striking out section 16 and inserting in place thereof the fol-  
3 lowing section: —

4 *Section 16.* Notwithstanding the provision of any retail  
5 instalment contract to the contrary, any buyer may pay in  
6 full at any time before maturity the debt of any retail instal-  
7 ment contract, and in so paying such debt shall receive a re-  
8 fund credit thereon for such anticipation. The amount of such  
9 refund credit shall represent at least as great a proportion of  
10 the finance charge, after first deducting from such finance  
11 charge an acquisition charge of twelve dollars and fifty cents  
12 as the sum of the scheduled periodic unpaid time balances after  
13 the date of prepayment, as the date of prepayment is fixed  
14 below, bears to the sum of the scheduled periodic unpaid  
15 time balance under the schedule of instalments in the original  
16 contract. Such computation of rebate shall be made on the  
17 principal of the so-called Sum of the Digits Method or “the  
18 Rule of Seventy-eight”. If the prepayment is made other

19 than on an instalment due date, it shall be deemed to have  
 20 been made on the first instalment due date if the prepayment  
 21 is before that date, and in any other case it shall be deemed  
 22 to have been made on the next preceding or next succeeding  
 23 instalment due date, whichever is nearer to the date of pre-  
 24 payment. Where the amount of the credit for anticipation  
 25 of payment is less than one dollar, no refund need be made.