

January 28, 1998

HOUSE BILL No. 1194

DIGEST OF HB 1194 (Updated January 27, 1998 12:37 pm - DI 93)

Citations Affected: IC 9-23.

Synopsis: Automobile lease term disclosure. Requires a retail lessor of motor vehicles to comply with the disclosure requirements imposed by federal law. Specifies a statement that must be included in a lease agreement as part of complying with the federal disclosure requirements. Removes a specification that certain statements must be included in a lease agreement. Requires a lease agreement to state the amount of net credit of a trade-in vehicle used to pay amounts due at the time the lease is signed or the vehicle is delivered.

Effective: July 1, 1998.

Summers, Moses

January 8, 1998, read first time and referred to Committee on Judiciary; reassigned to Committee on Roads and Transportation.
January 27, 1998, amended, reported — Do Pass.

HB 1194—LS 7207/DI 93



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January 28, 1998

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

HOUSE BILL No. 1194

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 9-23-2.5-8, AS ADDED BY P.L.86-1996,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]: Sec. 8. A retail lessor **must comply with each of shall**
4 **do** the following:

- 5 (1) **Comply with the requirements of Regulation M (12 CFR**
6 **213) for disclosure of gross capitalized cost, capitalized cost**
7 **reduction, and adjusted capitalized cost adopted under the**
8 **federal Truth in Lending Act (15 U.S.C. 1601 et seq.).**
9 (2) Disclose to a retail lessee in a separate blocked section in a
10 lease agreement, in capital letters of at least 10 point bold type
11 **with the appropriate amounts specified**, the following:

12 THIS IS A LEASE AGREEMENT.
13 THIS IS NOT A PURCHASE AGREEMENT.
14 PLEASE REVIEW THESE MATTERS CAREFULLY AND
15 SEEK INDEPENDENT PROFESSIONAL ADVICE IF YOU
16 HAVE ANY QUESTIONS CONCERNING THIS
17 TRANSACTION. YOU ARE ENTITLED TO AN EXACT COPY

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1 OF THE AGREEMENT YOU SIGN.
 2 CAPITALIZED COST \$ _____
 3 (THE AGREED UPON VALUE OF THE VEHICLE AND
 4 ANY CAPITALIZED ITEMS SUCH AS TAXES, FEES,
 5 SERVICE CONTRACTS, INSURANCE, AND
 6 OUTSTANDING PRIOR LOAN OR LEASE BALANCE.)
 7 CAPITALIZED COST REDUCTION \$ _____
 8 (YOUR TOTAL CREDITS.)
 9 ADJUSTED OR NET CAPITALIZED COST \$ _____
 10 (THE INITIAL AMOUNT USED IN DETERMINING THE
 11 BASE MONTHLY PAYMENTS, OR OTHER PERIODIC OR
 12 SINGLE PAYMENTS.)
 13 (2) (3) Provide the retail lessee with a copy of each document
 14 signed by the retail lessee during the course of a lease transaction.
 15 SECTION 2. IC 9-23-2.5-9, AS ADDED BY P.L.86-1996,
 16 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 1998]: Sec. 9. A trade-in vehicle used, **in whole or in part,**
 18 **to reduce the capitalized cost pay amounts due at lease signing or**
 19 **delivery of the vehicle** must be identified as a trade-in vehicle in the
 20 lease agreement and identified by year, make, and model. The lease
 21 agreement must state the net credit of the trade-in vehicle used to
 22 ~~reduce capitalized costs:~~ **pay amounts due at lease signing or**
 23 **delivery of the vehicle.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Roads and Transportation, to which was referred House Bill 1194, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 3, reset in roman "A".

Page 1, line 3, delete "The bureau shall adopt rules that require".

Page 1, line 4, delete "a".

Page 1, line 4, delete "to".

Page 1, line 4, strike "comply with each of" and insert "**shall do**".

Page 1, line 5, delete "The disclosure" and insert "**Comply with the**".

Page 1, line 6, before "adopted" insert "**for disclosure of gross capitalized cost, capitalized cost reduction, and adjusted capitalized cost**".

Page 1, line 7, delete "The rules adopted under this subdivision".

Page 1, line 8, delete "must require a retail lessor to disclose", begin a new line block indented and insert "**(2) Disclose**".

Page 2, line 13, strike "(2)" and insert "**(3)**".

Page 2, line 17, after "used" insert ", **in whole or in part,**".

Page 2, line 17, strike "reduce the".

Page 2, line 18, strike "capitalized cost" and insert "**pay amounts due at lease signing or delivery of the vehicle**".

Page 2, line 20, reset in roman "state".

Page 2, line 20, delete "itemize".

Page 2, line 21, reset in roman "to:".

Page 2, line 21, delete ": for the following purposes:".

Page 2, line 22, delete "(1)" .

Page 2, line 22, delete "As".

Page 2, line 22, strike "capitalized".

Page 2, line 22, delete "cost reduction."

Page 2, line 23, delete "(2) To".

Page 2, line 23, delete "the time the lease is signed" and insert "**lease signing**".

Page 2, line 23, after "or" delete "the".

Page 2, line 24, delete "vehicle is delivered." and insert "**delivery of the vehicle.**".

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Page 2, run in lines 21 through 24.

and when so amended that said bill do pass.

(Reference is to House Bill 1194 as introduced.)

COOK, Chair

Committee Vote: yeas 13, nays 0.

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