
SENATE BILL No. 401

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-7-2-1.5; IC 24-7-3-3.

Synopsis: Rental purchase agreement disclosure requirements. Provides that an annual percentage rate for purposes of a rental purchase agreement is the sum of interest and other charges stated as an annual percentage rate computed according to the guidelines of the Federal Consumer Credit Protection Act. Requires that a rental purchase agreement must disclose the annual percentage rate.

Effective: July 1, 1998.

Lanane

January 9, 1998, read first time and referred to Committee on Commerce and Consumer Affairs.

C
O
P
Y



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 a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

SENATE BILL No. 401



A BILL FOR AN ACT to amend the Indiana Code concerning trade negotiations and consumer sales and credit.

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

1 SECTION 1. IC 24-7-2-1.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1998]: **Sec. 1.5. "Annual percentage rate" means the sum of**
4 **interest and other charges stated as an annual percentage rate**
5 **computed in accordance with regulations issued by the Federal**
6 **Reserve Board under the federal Consumer Credit Protection Act**
7 **(as defined in IC 24-4.5-1-302).**

8 SECTION 2. IC 24-7-3-3 IS AMENDED TO READ AS FOLLOWS
9 [EFFECTIVE JULY 1, 1998]: Sec. 3. The lessor shall disclose the
10 following:

- 11 (1) A brief description of the property sufficient to identify the
12 property to the lessee and lessor.
- 13 (2) The total number, total amount, and timing of all rental
14 payments, including taxes paid to or through the lessor, necessary
15 to acquire ownership of the property.
- 16 (3) A statement that the lessee will not own the property until the
17 lessee has:



C
O
P
Y

- 1 (A) made the number of rental payments and the total of rental
- 2 payments necessary to acquire ownership of the property; or
- 3 (B) exercised an early purchase option.
- 4 (4) A statement that charges in addition to the total rental
- 5 payments necessary to acquire ownership of the leased property
- 6 may be imposed under the agreement and that the lessee should
- 7 read the contract for an explanation of these charges.
- 8 (5) A brief explanation of all additional charges that may be
- 9 imposed under the agreement. If a security deposit is required, the
- 10 explanation must include an explanation of the conditions under
- 11 which the deposit will be returned to the lessee.
- 12 (6) A statement indicating who is responsible for property if it is
- 13 lost, stolen, damaged, or destroyed.
- 14 (7) A statement indicating that the value of lost, stolen, damaged,
- 15 or destroyed property is its fair market value on the date that it is
- 16 lost, stolen, damaged, or destroyed.
- 17 (8) A statement indicating whether the property is new or used.
- 18 However, property that is new may be described as used.
- 19 (9) A statement that the lessee has an early purchase option to
- 20 purchase the property at any time during the period that the rental
- 21 purchase agreement is in effect. The statement must specify the
- 22 price or the formula or other method for determining the price at
- 23 which the property may be purchased.
- 24 (10) A brief explanation of the lessee's right to reinstate a rental
- 25 purchase agreement and a description of the amount, or method
- 26 of determining the amount, of any penalty or other charge
- 27 applicable under IC 24-7-5 to the reinstatement of a rental
- 28 purchase agreement.
- 29 **(11) The annual percentage rate of a rental purchase**
- 30 **agreement.**

C
O
P
Y

