



February 19, 2013

## SENATE BILL No. 237

DIGEST OF SB 237 (Updated February 14, 2013 11:50 am - DI 110)

**Citations Affected:** IC 24-7.

**Synopsis:** Rental purchase agreements. Allows a lessor, in connection with a rental purchase agreement, to contract for and receive a fee for rental payments made by telephone if certain conditions are met. Provides that certain fees and charges relating to rental purchase agreements are subject to change under the provisions for adjustment of dollar amounts. Allows a lessee who fails to make timely rental payments to reinstate the original rental purchase agreement without losing any rights or options previously acquired under the rental purchase agreement if: (1) after failing to make a timely rental payment, the lessee surrenders the property to the lessor not later than seven days after the date the lessor requests the property be surrendered; and (2) not more than 120 days elapse after the date the lessee surrenders the property. (Current law states that the lessee has to surrender the property promptly and that not more than 60 days elapse after the date the lessee surrenders the property.)

**Effective:** July 1, 2013.

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January 7, 2013, read first time and referred to Committee on Financial Institutions.  
February 18, 2013, amended, reported favorably — Do Pass.

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SB 237—LS 6780/DI 110+



February 19, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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## SENATE BILL No. 237

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

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

1 SECTION 1. IC 24-7-5-12 IS ADDED TO THE INDIANA CODE  
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2013]: **Sec. 12. (a) A lessor may contract for and receive a fee for**  
4 **accepting rental payments by telephone in connection with a rental**  
5 **purchase agreement, if all of the following conditions are met:**  
6 (1) **The fee is assessed only upon request by the lessee for the**  
7 **underlying payment by telephone service.**  
8 (2) **The payment by telephone service is not established in**  
9 **advance, under the rental purchase agreement or otherwise,**  
10 **as the expected method for making rental payments under**  
11 **such rental purchase agreement.**  
12 (3) **The fee does not exceed two dollars and fifty cents (\$2.50).**  
13 (4) **The lessee retains the right to make rental payments by**  
14 **payment methods in connection with which no additional fee**  
15 **would be assessed or incurred (including in-person payments**  
16 **and payments by mail) as a result of such alternative payment**  
17 **methods.**

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- 1           **(5) The fee is contracted for and disclosed by the lessor in the**
- 2           **rental purchase agreement.**
- 3           **(6) The lessor posts a sign at each store location disclosing to**
- 4           **existing and prospective lessees:**
- 5               **(A) the amount of the fee;**
- 6               **(B) lessee's right and option to make rental payments by**
- 7               **alternative payment methods and not be assessed or incur**
- 8               **an additional fee; and**
- 9               **(C) the alternative payment methods offered by the lessor**
- 10           **in connection with which no additional fee would be**
- 11           **assessed or incurred.**
- 12           **(7) The lessor's books and records provide an audit trail**
- 13           **sufficient to allow the department and its examiners to**
- 14           **confirm the lessee's compliance with conditions (1) through**
- 15           **(6) of this subsection.**

16           **(b) No fee is permitted to be charged under this section unless**  
 17           **there is interaction between a live employee or representative of**  
 18           **the lessor and the lessee.**

19           SECTION 2. IC 24-7-5-13 IS ADDED TO THE INDIANA CODE  
 20           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 21           1, 2013]: **Sec. 13. (a) The dollar amounts of the fees and charges in**  
 22           **sections 1, 4, 5, 6, 11, and 12 of this chapter are subject to change**  
 23           **pursuant to subsection (b).**

24           **(b) The dollar amounts in this chapter subject to change, as**  
 25           **provided in subsection (a), are subject to change under the**  
 26           **provisions for adjustment of dollar amounts in IC 24-4.5-1-106.**  
 27           **However, notwithstanding IC 24-4.5-1-106(1), the Reference Base**  
 28           **Index to be used under this subsection is the Index for October**  
 29           **2012.**

30           SECTION 3. IC 24-7-6-1 IS AMENDED TO READ AS FOLLOWS  
 31           [EFFECTIVE JULY 1, 2013]: **Sec. 1. A lessee who fails to make timely**  
 32           **rental payments has the right to reinstate the original rental purchase**  
 33           **agreement without losing any rights or options previously acquired**  
 34           **under the rental purchase agreement if:**

- 35               (1) subsequent to having failed to make a timely rental payment,
- 36               the lessee ~~promptly~~ surrenders the property to the lessor, ~~if~~
- 37               ~~requested by the lessor;~~ **not later than seven (7) days after the**
- 38               **date the lessor requests the property be surrendered;** and
- 39               (2) not more than ~~sixty (60)~~ **one hundred twenty (120) days**
- 40               elapse after ~~the date~~ the lessee ~~returns~~ **surrenders** the property.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Financial Institutions, to which was referred Senate Bill No. 237, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 24-7-5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 12. (a) A lessor may contract for and receive a fee for accepting rental payments by telephone in connection with a rental purchase agreement, if all of the following conditions are met:**

- (1) The fee is assessed only upon request by the lessee for the underlying payment by telephone service.
- (2) The payment by telephone service is not established in advance, under the rental purchase agreement or otherwise, as the expected method for making rental payments under such rental purchase agreement.
- (3) The fee does not exceed two dollars and fifty cents (\$2.50).
- (4) The lessee retains the right to make rental payments by payment methods in connection with which no additional fee would be assessed or incurred (including in-person payments and payments by mail) as a result of such alternative payment methods.
- (5) The fee is contracted for and disclosed by the lessor in the rental purchase agreement.
- (6) The lessor posts a sign at each store location disclosing to existing and prospective lessees:
  - (A) the amount of the fee;
  - (B) lessee's right and option to make rental payments by alternative payment methods and not be assessed or incur an additional fee; and
  - (C) the alternative payment methods offered by the lessor in connection with which no additional fee would be assessed or incurred.
- (7) The lessor's books and records provide an audit trail sufficient to allow the department and its examiners to confirm the lessee's compliance with conditions (1) through (6) of this subsection.

(b) No fee is permitted to be charged under this section unless there is interaction between a live employee or representative of the lessor and the lessee.

SECTION 2. IC 24-7-5-13 IS ADDED TO THE INDIANA CODE

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AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2013]: **Sec. 13. (a) The dollar amounts of the fees and charges in sections 1, 4, 5, 6, 11, and 12 of this chapter are subject to change pursuant to subsection (b).**

**(b) The dollar amounts in this chapter subject to change, as provided in subsection (a), are subject to change under the provisions for adjustment of dollar amounts in IC 24-4.5-1-106. However, notwithstanding IC 24-4.5-1-106(1), the Reference Base Index to be used under this subsection is the Index for October 2012."**

Delete page 2.

Page 3, delete lines 1 through 34.

Page 4, line 2, delete "one hundred eighty (180)" and insert "**one hundred twenty (120)**".

Page 4, delete lines 4 through 42.

Delete page 5.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 237 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 9, Nays 0.

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