

## IC 9-23-2.5

### Chapter 2.5. Disclosures Required in Motor Vehicle Leases

#### IC 9-23-2.5-1

##### **"Adjusted or net capitalized cost" defined**

Sec. 1. As used in this chapter, "adjusted or net capitalized cost" means the capitalized cost, less any capitalized cost reduction payments made by a retail lessee at the inception of a lease agreement. The adjusted or net capitalized cost is the basis for calculating the amount of a retail lessee's periodic payment under a lease agreement.

*As added by P.L.86-1996, SEC.8.*

#### IC 9-23-2.5-2

##### **"Capitalized cost" defined**

Sec. 2. (a) As used in this chapter, "capitalized cost" means the amount that, after deducting any capitalized cost reduction, serves as the basis for determining the base lease payment, which is the part of the periodic lease payment that is the sum of:

- (1) the average periodic lease charge; and
- (2) the average periodic depreciation.

(b) For a single payment lease, the base lease payment is the sum of:

- (1) the average periodic lease charge multiplied by the number of months in the term of the lease; and
- (2) the average periodic depreciation multiplied by the number of months in the term of the lease.

(c) The capitalized cost may include any of the following:

- (1) Taxes.
- (2) Registration fees.
- (3) License fees.
- (4) Insurance charges.
- (5) Charges for guaranteed auto protection or GAP coverage.
- (6) Charges for service contracts and extended warranties.
- (7) Fees and charges for accessories and for installing accessories.
- (8) Charges for delivery, service, and repair.
- (9) Administrative fees, acquisition fees, and all fees or charges for providing services incidental to the lease agreement.
- (10) The unpaid balance of an amount financed under an outstanding motor vehicle loan agreement or motor vehicle retail installment contract with respect to a motor vehicle used as a trade-in vehicle.
- (11) The unpaid part of the early termination obligation under an outstanding lease agreement.
- (12) The first periodic payment due at the inception of the lease agreement, if not otherwise paid by the retail lessee.

*As added by P.L.86-1996, SEC.8.*

#### IC 9-23-2.5-3

**"Capitalized cost reduction" defined**

Sec. 3. As used in this chapter, "capitalized cost reduction" means a payment made by cash, check, credit card debit, net vehicle trade-in, rebate, or other similar means in the nature of a down payment or credit, made by a retail lessee at the inception of a lease agreement, for the purpose of reducing the capitalized cost and does not include any periodic payments received by the retail lessor at the inception of the lease agreement.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-4**

**"Lease agreement" defined**

Sec. 4. As used in this chapter, "lease agreement" means a written agreement entered into in Indiana for the transfer from a retail lessor to a retail lessee of the right to possess and use a motor vehicle in exchange for consideration for a scheduled term exceeding four (4) months, whether or not the retail lessee has the option to purchase or otherwise become the owner of the motor vehicle upon expiration of the agreement. The term does not include an agreement that covers an absolute sale, a sale pending approval, or a retail installment sale.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-5**

**"Lease transaction" defined**

Sec. 5. As used in this chapter, "lease transaction" means a presentation made to a retail lessee concerning a motor vehicle, including a sales presentation or a document presented to the retail lessee, resulting in the execution of a lease agreement.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-6**

**"Retail lessee" defined**

Sec. 6. As used in this chapter, "retail lessee" means an individual who executes a lease agreement for a motor vehicle from a retail lessor primarily for personal, family, or household purposes.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-7**

**"Retail lessor" defined**

Sec. 7. As used in this chapter, "retail lessor" means a person who regularly engages in the business of selling or leasing motor vehicles and who offers or arranges a lease agreement for a motor vehicle. The term includes an agent or affiliate who acts on behalf of the retail lessor and excludes any assignee of the lease agreement.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-8**

**Duties of retail lessor**

Sec. 8. A retail lessor shall do the following:

- (1) Comply with the requirements of Regulation M (12 CFR

213) for disclosure of gross capitalized cost, capitalized cost reduction, and adjusted capitalized cost adopted under the federal Truth in Lending Act (15 U.S.C. 1601 et seq.).

(2) Disclose to a retail lessee in a separate blocked section in a lease agreement, in capital letters of at least 10 point bold type the following:

THIS IS A LEASE AGREEMENT.

THIS IS NOT A PURCHASE AGREEMENT.

PLEASE REVIEW THESE MATTERS CAREFULLY AND SEEK INDEPENDENT PROFESSIONAL ADVICE IF YOU HAVE ANY QUESTIONS CONCERNING THIS TRANSACTION. YOU ARE ENTITLED TO AN EXACT COPY OF THE AGREEMENT YOU SIGN.

(3) Provide the retail lessee with a copy of each document signed by the retail lessee during the course of a lease transaction.

*As added by P.L.86-1996, SEC.8. Amended by P.L.74-1998, SEC.1.*

#### **IC 9-23-2.5-9**

##### **Trade-in vehicle**

Sec. 9. A trade-in vehicle used, in whole or in part, to pay amounts due at lease signing or delivery of the vehicle must be identified as a trade-in vehicle in the lease agreement and identified by year, make, and model. The lease agreement must state the net credit of the trade-in vehicle used to pay amounts due at lease signing or delivery of the vehicle.

*As added by P.L.86-1996, SEC.8. Amended by P.L.74-1998, SEC.2.*

#### **IC 9-23-2.5-10**

##### **Remedies**

Sec. 10. (a) A retail lessor who fails to comply with the requirements of this chapter is liable to the retail lessee for:

- (1) actual damages sustained;
- (2) a civil penalty of not more than one thousand dollars (\$1,000) per lease transaction; and
- (3) reasonable attorney's fees and costs.

(b) In addition to any other remedies provided by law, a retail lessee may bring an action in circuit court to recover the damages, penalties, and fees described in subsection (a).

(c) The total recovery of damages, penalties, and fees in a class action civil suit brought under this section may not exceed one hundred thousand dollars (\$100,000).

*As added by P.L.86-1996, SEC.8.*

#### **IC 9-23-2.5-11**

##### **Civil suit by attorney general**

Sec. 11. The civil suit described under section 10 of this chapter may be brought on behalf of a consumer by the attorney general.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-12****Statute of limitations**

Sec. 12. An action authorized by sections 10 and 11 of this chapter must be brought not later than three (3) years after the date the lease agreement is signed.

*As added by P.L.86-1996, SEC.8.*

**IC 9-23-2.5-13****Bona fide printing error not considered violation**

Sec. 13. A bona fide printing error identified on the face of the lease agreement does not constitute a violation of this chapter.

*As added by P.L.86-1996, SEC.8.*