

IC 24-7-6

Chapter 6. Reinstatement; Garnishment; Unconscionable Agreements

IC 24-7-6-1

Reinstatement of original agreement; conditions

Sec. 1. A lessee who fails to make timely rental payments has the right to reinstate the original rental purchase agreement under the original terms of the agreement without losing any rights or options previously acquired under the rental purchase agreement and without additional charges or penalties, except charges or penalties authorized under section 2 of this chapter, if:

- (1) subsequent to having failed to make a timely rental payment, the lessee surrenders the property to the lessor not later than seven (7) days after the date the lessor requests the property be surrendered; and
- (2) not more than one hundred twenty (120) days elapse after the date the lessee surrenders the property.

As added by P.L.254-1987, SEC.1. Amended by P.L.222-2013, SEC.5.

IC 24-7-6-2

Condition precedent to reinstatement; charges

Sec. 2. (a) As a condition precedent to reinstatement of the rental purchase agreement, a lessor may charge:

- (1) the outstanding balance of any accrued rental payments and delinquency charges;
- (2) a reinstatement fee not exceeding the amount allowed under IC 24-7-5-6; and
- (3) delivery charges not exceeding the amounts allowed under IC 24-7-5-3 if redelivery of the item is necessary.

(b) A reinstatement fee may not be charged under subsection (a)(2) unless the property has been returned to the lessor and is in the lessor's possession.

As added by P.L.254-1987, SEC.1. Amended by P.L.138-1990, SEC.11.

IC 24-7-6-3

Same or substituted leased item upon reinstatement; revised disclosures

Sec. 3. If reinstatement occurs under sections 1 through 2 of this chapter, the lessor shall provide the lessee with either the same item leased by the lessee before reinstatement or a substitute item of comparable quality and condition. If any information disclosed under IC 24-7-3-2 is inaccurate after the delivery of a substitute item, the lessor shall provide the lessee with a revised set of disclosures. If there is more than one (1) lessee in a rental purchase agreement, delivery of a copy of the revised set of disclosures to one (1) of the lessees is sufficient to comply with this section.

As added by P.L.254-1987, SEC.1.

IC 24-7-6-4**Prejudgment garnishment proceedings**

Sec. 4. (a) IC 24-4.5-5-105 and IC 24-4.5-5-106 apply to garnishments related to a rental purchase agreement.

(b) With respect to a debt arising from a rental purchase agreement, regardless of where made, the lessor may not attach unpaid earnings of the debtor by garnishment proceedings or other similar proceedings before the entry of a judgment in an action against the lessee arising from a rental purchase agreement.

As added by P.L.254-1987, SEC.1.

IC 24-7-6-5**Unconscionable agreements**

Sec. 5. (a) If the court as a matter of law finds the rental purchase agreement or any clause of a rental purchase agreement to have been unconscionable at the time it was made the court may:

- (1) refuse to enforce the rental purchase agreement;
- (2) enforce the remainder of the rental purchase agreement without the unconscionable clause; or
- (3) limit the application of any unconscionable clause to avoid an unconscionable result.

(b) If it is claimed or appears to the court that a rental purchase agreement or any clause of the rental purchase agreement may be unconscionable, the parties shall be afforded a reasonable opportunity to present evidence as to its setting, purpose, and effect to aid the court in making the determination.

(c) For the purposes of this section, a rental payment, charge, or practice expressly permitted by this article is not in itself unconscionable.

As added by P.L.254-1987, SEC.1.