

## **IC 24-7-4**

### **Chapter 4. Limitations**

#### **IC 24-7-4-1**

##### **Ownership acquisition**

Sec. 1. At any time after the first rental payment is made, the lessee may acquire ownership of the property under the terms specified in the rental purchase agreement.

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

#### **IC 24-7-4-2**

##### **Contractual abridgement of rights and duties**

Sec. 2. A rental purchase agreement may not contain a provision that conflicts with the rights and duties imposed under this article.

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

#### **IC 24-7-4-3**

##### **Assignment of earnings as payment**

Sec. 3. (a) A lessor may not accept an assignment of earnings from the lessee for payment or as security for payment for a charge arising under a rental purchase agreement.

(b) An assignment of earnings in violation of this section is unenforceable by the assignee of the earnings and revocable by the lessee.

(c) This section does not prohibit a lessee from authorizing deductions from the lessee's earnings if the authorization is revocable and is otherwise permitted by law.

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

#### **IC 24-7-4-4**

##### **Acceptance of authorization on behalf of lessee waiving service of process, confessing judgment, or enforcing payment**

Sec. 4. A lessor may not take or accept a power of attorney or other authorization from the lessee, or other person acting on the lessee's behalf, to waive service of process, confess judgment, or enforce payment of money claimed by the lessor in violation of IC 34-54-3 or IC 34-54-4.

*As added by P.L.254-1987, SEC.1. Amended by P.L.1-1998, SEC.130.*

#### **IC 24-7-4-5**

##### **Required waiver of lessee's defenses, counterclaims, or rights of action in collecting payments or charges**

Sec. 5. A lessor may not require a lessee to waive any defense, counterclaim, or right of action against:

(1) the lessor; or

(2) a person acting on the lessor's behalf, as the lessee's agent; in collection of rental payments or charges under the rental purchase agreement.

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

#### **IC 24-7-4-6**

##### **Repossession limited**

Sec. 6. A lessor may not require a lessee to authorize the lessor or a person acting on the lessor's behalf to unlawfully enter upon the lessee's premises or to commit any breach of the peace in the repossession of the property.

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

#### **IC 24-7-4-7**

##### **Prejudgment garnishment**

Sec. 7. A lessor may not require a lessee to authorize a prejudgment garnishment of the lessee's wages.

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

#### **IC 24-7-4-8**

##### **Repealed**

*(Repealed by P.L.45-1995, SEC.33.)*

#### **IC 24-7-4-9**

##### **Assignee of lessor's rights; lessee's rights against assignee; contractual abridgement of lessee's claims or defenses**

Sec. 9. (a) With respect to a rental purchase agreement, an assignee of the rights of the lessor is subject to all claims and defenses of the lessee against the lessor arising from the lease of property or services.

(b) A claim or defense of a lessee specified in subsection (a) may be asserted against the assignee under this section only if the lessee has made a good faith attempt to obtain satisfaction from the lessor with respect to the claim or defense and then only to the extent of the amount owing the assignee with respect to the sale or the lease of the property or services to which the claim or defense arose at the time the assignee has written notice of the claim or defense. Written notice of the claim or defense may be given before the attempts specified in this subsection. For the purposes of this subsection, written notice is any written notification other than notice on a coupon, billing statement, or any other payment medium or material supplied by the assignee.

(c) An agreement may not limit or waive the claims or defenses of a lessee under this section.

*As added by P.L.254-1987, SEC.1. Amended by P.L.45-1995, SEC.18.*

#### **IC 24-7-4-10**

##### **Notice and proof of assignment**

Sec. 10. (a) The lessee may pay the original lessor until the lessee receives written notification:

- (1) that assignment of the rights to rental payments under the rental purchase agreement has occurred; and
- (2) of the person to whom rental payments are to be made.

(b) A notification that does not reasonably identify the rights

assigned is ineffective.

(c) If requested by the lessee, the assignee must take reasonable steps to furnish proof that the assignment has been made. Unless the assignee furnishes the proof, the lessee may pay the original lessor. *As added by P.L.254-1987, SEC.1.*

#### **IC 24-7-4-11**

##### **Additional payments**

Sec. 11. Except as provided in section 1 of this chapter, a lessee may not be required to:

- (1) make any payment in addition to regular rental payments in order to acquire ownership of the property; or
- (2) pay rental payments totaling more than the cost to acquire ownership stated in the rental purchase agreement.

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

#### **IC 24-7-4-12**

##### **Mandatory insurance; early termination of agreement or item return penalties; fees or charges imposed on cosigner**

Sec. 12. A lessor may not require any of the following:

- (1) The mandatory purchase of insurance by the lessee from the lessor.
- (2) A penalty for early termination of a rental purchase agreement or for the return of an item at any point, except charges authorized under IC 24-7-5.
- (3) A payment by a cosigner of the rental purchase agreement for any fees or charges that may not be imposed on the lessee as part of the rental purchase agreement.

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

#### **IC 24-7-4-13**

##### **Acceptance and application of payments; payments exceeding scheduled amount due**

Sec. 13. (a) Except as provided in subsection (b), a lessor may not accept payment from a lessee and hold the amount of the payment in a reserve account for future payments. Any amounts paid by a lessee must be applied as a rental payment or to an accrued permissible additional charge.

(b) If a lessee makes a payment that exceeds the sum of the scheduled rental payment and any permitted additional charges that are due, the lessor may hold the excess funds in a reserve account subject to the following conditions:

- (1) The balance of the lessee's reserve account may not exceed the amount of the next scheduled rental payment.
- (2) If the balance in the lessee's reserve account reaches the limit specified in subdivision (1), the lessor shall apply the funds to the lessee's next scheduled rental payment.

(c) This section may not be construed to preclude a lessor from accepting and applying multiple rental payments before the rental payments' scheduled due dates.

*As added by P.L.35-2010, SEC.90.*