HOUSE BILL No. 1495

DIGEST OF HB 1495 (Updated February 19, 2019 1:38 pm - DI 101)

Citations Affected: IC 6-1.1; IC 24-5; IC 32-29.5.

Synopsis: Principal dwelling land contracts. Defines "principal dwelling land contract" (contract) as a land contract for the sale of real property: (1) designed for the occupancy of one to four families; and (2) that is or will be occupied by the buyer as the buyer's principal dwelling. Provides that the seller under a contract must provide the buyer with the following at least 10 days before the contract is executed: (1) An FHA appraisal of the property. (2) A record of any liens encumbering the property. (3) A residential real estate disclosure form. (4) A lead-based paint disclosure form for real property constructed before 1978. (5) The annual percentage rate of the contract as determined under the federal Truth in Lending Act. (6) A statement of the buyer's potential legal rights. Sets forth disclosures that must be included in a contract. Requires all preexisting liens on the property to be satisfied by the seller by the end of the contract term. Provides that a contract must permit a buyer to pay the balance owed and receive the deed at any time. Prohibits prepayment penalties or additional charges for an early payoff. Provides a three-day cancellation period for both the buyer and seller. Requires the seller to record the contract within 30 days of execution. Allows the seller and the buyer to transfer their respective interests in the contract to other parties, subject to certain conditions. Requires the seller to provide the buyer with an annual (Continued next page)

Effective: Upon passage.

Summers, Clere, Fleming

January 24, 2019, read first time and referred to Committee on Financial Institutions. February 19, 2019, amended, reported — Do Pass.
statement of account. Sets forth certain rights and responsibilities of the parties upon default by either the buyer or the seller. Sets forth acts and omissions constituting violations and establishes remedies for these violations. Provides that a violation of these provisions constitutes an incurable deceptive act that is actionable by the attorney general under the deceptive consumer sales act. Authorizes the attorney general, in consultation with the department of financial institutions, to adopt rules to implement these provisions. Provides that a buyer who has completed the buyer's obligations under the contract is entitled to the homestead deduction regardless of whether the seller has conveyed title.
HOUSE BILL No. 1495

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

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

SECTION 1. IC 6-1.1-12-37, AS AMENDED BY P.L.255-2017, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37. (a) The following definitions apply throughout this section:

(1) "Dwelling" means any of the following:
(A) Residential real property improvements that an individual uses as the individual's residence, including a house or garage.
(B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.
(C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.

(2) "Homestead" means an individual's principal place of residence:
(A) that is located in Indiana;
(B) that:
   (i) the individual owns;
   (ii) the individual is buying under a contract recorded in the...
county recorder's office, or evidenced by a memorandum of
contract recorded in the county recorder's office under
IC 36-2-11-20, that provides that the individual is to pay the
property taxes on the residence, and that obligates the owner
to convey title to the individual upon completion of all of the
individual's contract obligations;
(iii) the individual is entitled to occupy as a
tenant-stockholder (as defined in 26 U.S.C. 216) of a
cooperative housing corporation (as defined in 26 U.S.C.
216); or
(iv) is a residence described in section 17.9 of this chapter
that is owned by a trust if the individual is an individual
described in section 17.9 of this chapter; and
(C) that consists of a dwelling and the real estate, not
exceeding one (1) acre, that immediately surrounds that
dwelling.

For purposes of clause (B)(ii), the term includes the principal
residence of an individual who has completed all of the
individual's obligations under a principal dwelling land
contract (as defined in IC 32-29.5-2-1), regardless of whether
or not the seller has conveyed the title. Except as provided in
subsection (k), the term does not include property owned by a
corporation, partnership, limited liability company, or other entity
not described in this subdivision.
(b) Each year a homestead is eligible for a standard deduction from
the assessed value of the homestead for an assessment date. Except as
provided in subsection (p), the deduction provided by this section
applies to property taxes first due and payable for an assessment date
only if an individual has an interest in the homestead described in
subsection (a)(2)(B) on:
(1) the assessment date; or
(2) any date in the same year after an assessment date that a
statement is filed under subsection (e) or section 44 of this
chapter, if the property consists of real property.
If more than one (1) individual or entity qualifies property as a
homestead under subsection (a)(2)(B) for an assessment date, only one
(1) standard deduction from the assessed value of the homestead may
be applied for the assessment date. Subject to subsection (c), the
auditor of the county shall record and make the deduction for the
individual or entity qualifying for the deduction.
(c) Except as provided in section 40.5 of this chapter, the total
amount of the deduction that a person may receive under this section

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for a particular year is the lesser of:

(1) sixty percent (60%) of the assessed value of the real property,
   mobile home not assessed as real property, or manufactured home
   not assessed as real property; or
(2) forty-five thousand dollars ($45,000).

(d) A person who has sold real property, a mobile home not assessed
   as real property, or a manufactured home not assessed as real property
   to another person under a contract that provides that the contract buyer
   is to pay the property taxes on the real property, mobile home, or
   manufactured home may not claim the deduction provided under this
   section with respect to that real property, mobile home, or
   manufactured home.

(e) Except as provided in sections 17.8 and 44 of this chapter and
   subject to section 45 of this chapter, an individual who desires to claim
   the deduction provided by this section must file a certified statement on
   forms prescribed by the department of local government finance, with
   the auditor of the county in which the homestead is located. The
   statement must include:

(1) the parcel number or key number of the property and the name
    of the city, town, or township in which the property is located;
(2) the name of any other location in which the applicant or the
    applicant's spouse owns, is buying, or has a beneficial interest in
    residential real property;
(3) the names of:
   (A) the applicant and the applicant's spouse (if any):
      (i) as the names appear in the records of the United States
         Social Security Administration for the purposes of the
         issuance of a Social Security card and Social Security
         number; or
      (ii) that they use as their legal names when they sign their
         names on legal documents;
   if the applicant is an individual; or
   (B) each individual who qualifies property as a homestead
      under subsection (a)(2)(B) and the individual's spouse (if any):
      (i) as the names appear in the records of the United States
         Social Security Administration for the purposes of the
         issuance of a Social Security card and Social Security
         number; or
      (ii) that they use as their legal names when they sign their
         names on legal documents;
   if the applicant is not an individual; and
(4) either:

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(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or

(B) if the applicant or the applicant's spouse (if any) does not have a Social Security number, any of the following for that individual:

(i) The last five (5) digits of the individual's driver's license number.

(ii) The last five (5) digits of the individual's state identification card number.

(iii) The last five (5) digits of a preparer tax identification number that is obtained by the individual through the Internal Revenue Service of the United States.

(iv) If the individual does not have a driver's license, a state identification card, or an Internal Revenue Service preparer tax identification number, the last five (5) digits of a control number that is on a document issued to the individual by the United States government.

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or other number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the deduction is allowed. With respect to real property, the statement must be completed and dated in the calendar year for which the person desires to obtain the deduction and filed with the county auditor on or before January 5 of the immediately succeeding calendar year. With respect to a mobile home that is not assessed as real property, the person must file the statement during the twelve (12) months before March 31 of the year for which the person desires to obtain the deduction.

(f) Except as provided in subsection (n), if a person who is receiving, or seeks to receive, the deduction provided by this section in the person's name:

(1) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this section; or

(2) is not eligible for a deduction under this section because the person is already receiving:
(A) a deduction under this section in the person's name as an individual or a spouse; or
(B) a deduction under the law of another state that is equivalent to the deduction provided by this section;
the person must file a certified statement with the auditor of the county, notifying the auditor of the person's ineligibility, not more than sixty (60) days after the date of the change in eligibility. A person who fails to file the statement required by this subsection may, under IC 6-1.1-36-17, be liable for any additional taxes that would have been due on the property if the person had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (i) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(g) The department of local government finance may adopt rules or guidelines concerning the application for a deduction under this section.

(h) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on the assessment date in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on the assessment date in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the property that is the subject of the application. Except as provided in subsection (n), the county auditor may not grant an individual or a married couple a deduction under this section if:

(1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and
(2) the applications claim the deduction for different property.

(i) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers
required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or IC 6-3.6-5 (after December 31, 2016).

(j) A county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence as claimed in the certified statement filed under subsection (e). The county auditor may limit the evidence that an individual is required to submit to a state income tax return, a valid driver's license, or a valid voter registration card showing that the residence for which the deduction is claimed is the individual's principal place of residence.

The department of local government finance shall work with county auditors to develop procedures to determine whether a property owner that is claiming a standard deduction or homestead credit is not eligible for the standard deduction or homestead credit because the property owner's principal place of residence is outside Indiana.

(k) As used in this section, "homestead" includes property that satisfies each of the following requirements:

(1) The property is located in Indiana and consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.
(2) The property is the principal place of residence of an individual.
(3) The property is owned by an entity that is not described in subsection (a)(2)(B).
(4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.
(5) The property was eligible for the standard deduction under this section on March 1, 2009.

(l) If a county auditor terminates a deduction for property described in subsection (k) with respect to property taxes that are:

(1) imposed for an assessment date in 2009; and
(2) first due and payable in 2010;

on the grounds that the property is not owned by an entity described in subsection (a)(2)(B), the county auditor shall reinstate the deduction if the taxpayer provides proof that the property is eligible for the deduction in accordance with subsection (k) and that the individual residing on the property is not claiming the deduction for any other property.

(m) For assessment dates after 2009, the term "homestead" includes:

(1) a deck or patio;
(2) a gazebo; or
(3) another residential yard structure, as defined in rules adopted
by the department of local government finance (other than a
swimming pool);
that is assessed as real property and attached to the dwelling.
(n) A county auditor shall grant an individual a deduction under this
section regardless of whether the individual and the individual's spouse
claim a deduction on two (2) different applications and each
application claims a deduction for different property if the property
owned by the individual's spouse is located outside Indiana and the
individual files an affidavit with the county auditor containing the
following information:
(1) The names of the county and state in which the individual's
spouse claims a deduction substantially similar to the deduction
allowed by this section.
(2) A statement made under penalty of perjury that the following
are true:
(A) That the individual and the individual's spouse maintain
separate principal places of residence.
(B) That neither the individual nor the individual's spouse has
an ownership interest in the other's principal place of
residence.
(C) That neither the individual nor the individual's spouse has,
for that same year, claimed a standard or substantially similar
deduction for any property other than the property maintained
as a principal place of residence by the respective individuals.
A county auditor may require an individual or an individual's spouse to
provide evidence of the accuracy of the information contained in an
affidavit submitted under this subsection. The evidence required of the
individual or the individual's spouse may include state income tax
returns, excise tax payment information, property tax payment
information, driver license information, and voter registration
information.
(o) If:
(1) a property owner files a statement under subsection (e) to
claim the deduction provided by this section for a particular
property; and
(2) the county auditor receiving the filed statement determines
that the property owner's property is not eligible for the deduction;
the county auditor shall inform the property owner of the county
auditor's determination in writing. If a property owner's property is not
eligible for the deduction because the county auditor has determined
that the property is not the property owner's principal place of

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residence, the property owner may appeal the county auditor's
determination to the county property tax assessment board of appeals
as provided in IC 6-1.1-15. The county auditor shall inform the
property owner of the owner's right to appeal to the county property tax
assessment board of appeals when the county auditor informs the
property owner of the county auditor's determination under this
subsection.

(p) An individual is entitled to the deduction under this section for
a homestead for a particular assessment date if:

(1) either:
   (A) the individual's interest in the homestead as described in
   subsection (a)(2)(B) is conveyed to the individual after the
   assessment date, but within the calendar year in which the
   assessment date occurs; or
   (B) the individual contracts to purchase the homestead after
   the assessment date, but within the calendar year in which the
   assessment date occurs;

(2) on the assessment date:
   (A) the property on which the homestead is currently located
   was vacant land; or
   (B) the construction of the dwelling that constitutes the
   homestead was not completed; and

(3) either:
   (A) the individual files the certified statement required by
   subsection (e); or
   (B) a sales disclosure form that meets the requirements of
   section 44 of this chapter is submitted to the county assessor
   on or before December 31 of the calendar year for the
   individual's purchase of the homestead.

An individual who satisfies the requirements of subdivisions (1)
through (3) is entitled to the deduction under this section for the
homestead for the assessment date, even if on the assessment date the
property on which the homestead is currently located was vacant land
or the construction of the dwelling that constitutes the homestead was
not completed. The county auditor shall apply the deduction for the
assessment date and for the assessment date in any later year in which
the homestead remains eligible for the deduction. A homestead that
qualifies for the deduction under this section as provided in this
subsection is considered a homestead for purposes of section 37.5 of
this chapter and IC 6-1.1-20.6.

(q) This subsection applies to an application for the deduction
provided by this section that is filed for an assessment date occurring
after December 31, 2013. Notwithstanding any other provision of this section, an individual buying a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property under a contract providing that the individual is to pay the property taxes on the mobile home or manufactured home is not entitled to the deduction provided by this section unless the parties to the contract comply with IC 9-17-6-17.

(r) This subsection:

   (1) applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013; and

   (2) does not apply to an individual described in subsection (q).

The owner of a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property must attach a copy of the owner's title to the mobile home or manufactured home to the application for the deduction provided by this section.

(s) For assessment dates after 2013, the term "homestead" includes property that is owned by an individual who:

   (1) is serving on active duty in any branch of the armed forces of the United States;

   (2) was ordered to transfer to a location outside Indiana; and

   (3) was otherwise eligible, without regard to this subsection, for the deduction under this section for the property for the assessment date immediately preceding the transfer date specified in the order described in subdivision (2).

For property to qualify under this subsection for the deduction provided by this section, the individual described in subdivisions (1) through (3) must submit to the county auditor a copy of the individual's transfer orders or other information sufficient to show that the individual was ordered to transfer to a location outside Indiana. The property continues to qualify for the deduction provided by this section until the individual ceases to be on active duty, the property is sold, or the individual's ownership interest is otherwise terminated, whichever occurs first. Notwithstanding subsection (a)(2), the property remains a homestead regardless of whether the property continues to be the individual's principal place of residence after the individual transfers to a location outside Indiana. The property continues to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana and is serving on active duty, if the individual has lived at the property at any time during the past ten (10) years. Otherwise, the property ceases to qualify as a homestead under this subsection if the property is leased while the individual is away from
Indiana. Property that qualifies as a homestead under this subsection shall also be construed as a homestead for purposes of section 37.5 of this chapter.

SECTION 2. IC 24-5-0.5-3, AS AMENDED BY P.L.170-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A supplier may not commit an unfair, abusive, or deceptive act, omission, or practice in connection with a consumer transaction. Such an act, omission, or practice by a supplier is a violation of this chapter whether it occurs before, during, or after the transaction. An act, omission, or practice prohibited by this section includes both implicit and explicit misrepresentations.

(b) Without limiting the scope of subsection (a), the following acts, and the following representations as to the subject matter of a consumer transaction, made orally, in writing, or by electronic communication, by a supplier, are deceptive acts:

1. That such subject of a consumer transaction has sponsorship, approval, performance, characteristics, accessories, uses, or benefits it does not have which the supplier knows or should reasonably know it does not have.

2. That such subject of a consumer transaction is of a particular standard, quality, grade, style, or model, if it is not and if the supplier knows or should reasonably know that it is not.

3. That such subject of a consumer transaction is new or unused, if it is not and if the supplier knows or should reasonably know that it is not.

4. That such subject of a consumer transaction will be supplied to the public in greater quantity than the supplier intends or reasonably expects.

5. That replacement or repair constituting the subject of a consumer transaction is needed, if it is not and if the supplier knows or should reasonably know that it is not.

6. That a specific price advantage exists as to such subject of a consumer transaction, if it does not and if the supplier knows or should reasonably know that it does not.

7. That the supplier has a sponsorship, approval, or affiliation in such consumer transaction the supplier does not have, and which the supplier knows or should reasonably know that the supplier does not have.

8. That such consumer transaction involves or does not involve a warranty, a disclaimer of warranties, or other rights, remedies, or obligations, if the representation is false and if the supplier knows or should reasonably know that the representation is false.
(9) That the consumer will receive a rebate, discount, or other benefit as an inducement for entering into a sale or lease in return for giving the supplier the names of prospective consumers or otherwise helping the supplier to enter into other consumer transactions, if earning the benefit, rebate, or discount is contingent upon the occurrence of an event subsequent to the time the consumer agrees to the purchase or lease.

(10) That the supplier is able to deliver or complete the subject of the consumer transaction within a stated period of time, when the supplier knows or should reasonably know the supplier could not. If no time period has been stated by the supplier, there is a presumption that the supplier has represented that the supplier will deliver or complete the subject of the consumer transaction within a reasonable time, according to the course of dealing or the usage of the trade.

(11) That the consumer will be able to purchase the subject of the consumer transaction as advertised by the supplier, if the supplier does not intend to sell it.

(12) That the replacement or repair constituting the subject of a consumer transaction can be made by the supplier for the estimate the supplier gives a customer for the replacement or repair, if the specified work is completed and:
   (A) the cost exceeds the estimate by an amount equal to or greater than ten percent (10%) of the estimate;
   (B) the supplier did not obtain written permission from the customer to authorize the supplier to complete the work even if the cost would exceed the amounts specified in clause (A);
   (C) the total cost for services and parts for a single transaction is more than seven hundred fifty dollars ($750); and
   (D) the supplier knew or reasonably should have known that the cost would exceed the estimate in the amounts specified in clause (A).

(13) That the replacement or repair constituting the subject of a consumer transaction is needed, and that the supplier disposes of the part repaired or replaced earlier than seventy-two (72) hours after both:
   (A) the customer has been notified that the work has been completed; and
   (B) the part repaired or replaced has been made available for examination upon the request of the customer.

(14) Engaging in the replacement or repair of the subject of a consumer transaction if the consumer has not authorized the
replacement or repair, and if the supplier knows or should reasonably know that it is not authorized.

(15) The act of misrepresenting the geographic location of the supplier by listing an alternate business name or an assumed business name (as described in IC 23-0.5-3-4) in a local telephone directory if:

(A) the name misrepresents the supplier's geographic location;
(B) the listing fails to identify the locality and state of the supplier's business;
(C) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the calling area covered by the local telephone directory; and
(D) the supplier's business location is located in a county that is not contiguous to a county in the calling area covered by the local telephone directory.

(16) The act of listing an alternate business name or assumed business name (as described in IC 23-0.5-3-4) in a directory assistance data base if:

(A) the name misrepresents the supplier's geographic location;
(B) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the local calling area; and
(C) the supplier's business location is located in a county that is not contiguous to a county in the local calling area.

(17) The violation by a supplier of IC 24-3-4 concerning cigarettes for import or export.

(18) The act of a supplier in knowingly selling or reselling a product to a consumer if the product has been recalled, whether by the order of a court or a regulatory body, or voluntarily by the manufacturer, distributor, or retailer, unless the product has been repaired or modified to correct the defect that was the subject of the recall.


(21) A violation of IC 24-5-7 (concerning health spa services), as set forth in IC 24-5-7-17.

(22) A violation of IC 24-5-8 (concerning business opportunity
transactions), as set forth in IC 24-5-8-20.

(23) A violation of IC 24-5-10 (concerning home consumer transactions), as set forth in IC 24-5-10-18.

(24) A violation of IC 24-5-11 (concerning real property improvement contracts), as set forth in IC 24-5-11-14.

(25) A violation of IC 24-5-12 (concerning telephone solicitations), as set forth in IC 24-5-12-23.


(28) A violation of IC 24-5-15 (concerning credit services organizations), as set forth in IC 24-5-15-11.

(29) A violation of IC 24-5-16 (concerning unlawful motor vehicle subleasing), as set forth in IC 24-5-16-18.

(30) A violation of IC 24-5-17 (concerning environmental marketing claims), as set forth in IC 24-5-17-14.

(31) A violation of IC 24-5-19 (concerning deceptive commercial solicitation), as set forth in IC 24-5-19-11.

(32) A violation of IC 24-5-21 (concerning prescription drug discount cards), as set forth in IC 24-5-21-7.

(33) A violation of IC 24-5-23.5-7 (concerning real estate appraisals), as set forth in IC 24-5-23.5-9.

(34) A violation of IC 24-5-26 (concerning identity theft), as set forth in IC 24-5-26-3.

(35) A violation of IC 24-5-5.5 (concerning mortgage rescue fraud), as set forth in IC 24-5-5.5-6-1.

(36) A violation of IC 24-8 (concerning promotional gifts and contests), as set forth in IC 24-8-6-3.

(37) A violation of IC 21-18.5-6 (concerning representations made by a postsecondary credit bearing proprietary educational institution), as set forth in IC 21-18.5-6-22.5.

(38) A violation of IC 32-29.5 (concerning principal dwelling land contracts), as set forth in IC 32-29.5-6-4.

(c) Any representations on or within a product or its packaging or in advertising or promotional materials which would constitute a deceptive act shall be the deceptive act both of the supplier who places such representation thereon or therein, or who authored such materials, and such other suppliers who shall state orally or in writing that such representation is true if such other supplier shall know or have reason to know that such representation was false.

(d) If a supplier shows by a preponderance of the evidence that an
act resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error, such act shall not be deceptive within the meaning of this chapter.

(c) It shall be a defense to any action brought under this chapter that the representation constituting an alleged deceptive act was one made in good faith by the supplier without knowledge of its falsity and in reliance upon the oral or written representations of the manufacturer, the person from whom the supplier acquired the product, any testing organization, or any other person provided that the source thereof is disclosed to the consumer.

(f) For purposes of subsection (b)(12), a supplier that provides estimates before performing repair or replacement work for a customer shall give the customer a written estimate itemizing as closely as possible the price for labor and parts necessary for the specific job before commencing the work.

(g) For purposes of subsection (b)(15) and (b)(16), a telephone company or other provider of a telephone directory or directory assistance service or its officer or agent is immune from liability for publishing the listing of an alternate business name or assumed business name of a supplier in its directory or directory assistance data base unless the telephone company or other provider of a telephone directory or directory assistance service is the same person as the supplier who has committed the deceptive act.

(h) For purposes of subsection (b)(18), it is an affirmative defense to any action brought under this chapter that the product has been altered by a person other than the defendant to render the product completely incapable of serving its original purpose.

SECTION 3. IC 32-29.5 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 29.5. PRINCIPAL DWELLING LAND CONTRACTS

Chapter 1. Application

Sec. 1. This article applies only to a principal dwelling land contract entered into after June 30, 2019.

Sec. 2. (a) This article applies to a seller who, in the ordinary course of the seller's business, sells real property under a principal dwelling land contract.

(b) For purposes of subsection (a), a seller is considered to sell real property under a principal dwelling land contract in the ordinary course of the seller's business if the seller, including one or more affiliates of the seller, and whether separately or in
total, has at least four (4) outstanding land contracts existing at the same time.

Sec. 3. This article does not apply to the following:
(1) A depository institution regulated by a state or federal agency, and subsidiaries owned and controlled by the depository institution.
(2) A first lien mortgage lender licensed under IC 24-4.4, and subsidiaries owned and controlled by the first lien mortgage lender.
(3) Transactions between family members.

Chapter 2. Definitions
Sec. 1. The definitions set forth in this chapter apply throughout this article.
Sec. 2. "Affiliate" means any person who directly or indirectly controls, is controlled by, or is under common control of another person.
Sec. 3. "Land contract" means a contract for the sale of real estate in which the seller of the real estate retains legal title to the real estate until the total contract price is paid by the buyer.
Sec. 4. (a) "Principal dwelling land contract" means a land contract for the sale of real property:
(1) designed primarily for the occupancy of one (1) to four (4) families; and
(2) that is or will be occupied by a buyer as the buyer's principal dwelling.
(b) The term does not include a land contract for the sale of:
(1) more than ten (10) acres of land; or
(2) vacant land.

Chapter 3. Principal Dwelling Land Contracts and Disclosures
Sec. 1. At least ten (10) days before a principal dwelling land contract is executed by the parties, the seller shall provide the buyer with the following:
(1) A complete copy of a Federal Housing Administration (FHA) appraisal for the real property that has been completed within the previous six (6) months.
(2) A complete record of any liens encumbering the property, including any property tax liens or special assessment liens.
(3) The residential real estate disclosure form described in IC 32-21-5-7.
(4) If the real property was constructed before 1978, the lead-based paint disclosure form as required by the federal EPA and HUD Real Estate Notification and Disclosure Rule.
(5) The annual percentage rate of the principal dwelling land contract:
   (A) determined under; and
   (B) disclosed in accordance with;
the federal Truth in Lending Act (Regulation Z; 12 CFR 1026.22).
(6) The following statement, in at least 12 point type:
"INDIANA LAW PROVIDES LEGAL PROTECTION TO PERSONS BUYING A HOME UNDER A LAND CONTRACT. IF YOU HAVE EQUITY IN THE HOME AND MISS REQUIRED PAYMENTS, YOU MAY HAVE THE RIGHT TO CURE YOUR DEFAULT BY MAKING UP MISSED PAYMENTS. IN ADDITION, YOU MAY BE PROTECTED AGAINST FORFEITURE AND IMMEDIATE EVICTION, AND YOU MAY HAVE THE RIGHT TO THE RETURN OF SOME OR ALL OF YOUR EQUITY IN THE HOME."
Sec. 2. A principal dwelling land contract must include the following information:
(1) The annual percentage rate of the loan, calculated in accordance with section 1(5) of this chapter.
(2) If the real property is encumbered by one (1) or more liens, a statement of the amount of the liens and an agreement by the seller that the seller shall use a specified portion of funds received from the buyer under the contract to satisfy the liens.
(3) The sales price, address, and legal description of the residential real estate that is the subject of the contract.
(4) A statement of the amount of any down payment or purchase option fee applied to the purchase price, including the resulting principal amount remaining to be paid by the buyer for the remainder of the contract.
(5) The term of the contract expressed in years and months, and the total number of periodic payments due under the contract.
(6) The amount of any balloon payment, and when the balloon payment is due.
(7) A statement setting forth whether the seller or buyer is responsible for paying real estate taxes and insurance with respect to the real estate, including the procedures necessary for the timely invoicing and payment of those amounts. In any case in which responsibility for the payment of real estate
taxes and insurance with respect to the property is not clearly set forth in the contract, the seller:

(A) is responsible for paying real estate taxes and insurance when due; and

(B) may not seek reimbursement for those amounts from the buyer.

(8) Subject to subdivision (7), the amount that will be charged periodically, if any, during the first year of the contract to pay real estate taxes.

(9) Subject to subdivision (7), the amount that will be charged periodically, if any, during the first year of the contract to pay for insurance.

(10) A statement that any amounts listed under subdivisions (8) or (9) are subject to change each year.

(11) A listing of any unpaid amounts owed for real estate taxes with respect to the property.

(12) The types of insurance coverage, including property insurance and title insurance, for the buyer and seller that are required under, or are to be provided in connection with, the contract.

(13) A statement setting forth any repairs the buyer is financially responsible for making to the residential real estate that is subject to the contract.

(14) A statement setting forth any types of alterations to the property that must be approved by both the buyer and the seller before being made, including any requirements to provide evidence of necessary permits, insurance, and lien waiver agreements.

(15) One (1) of the following:

(A) An express written warranty that a municipality or another governmental unit has not issued to:

(i) the seller;

(ii) the seller’s principal; or

(iii) the seller’s agent;

during the five (5) year period immediately preceding the date of execution of the contract, any notice of a dwelling code violation with respect to the real estate.

(B) If a notice described in clause (A) has been issued to:

(i) the seller;

(ii) the seller’s principal; or

(iii) the seller’s agent;

during the five (5) year period described in clause (A), a
listing of all such notices of violation and a brief statement
of the actions taken by the seller to remedy the violations
set forth in the notice.

Sec. 3. All preexisting liens must be satisfied by the seller by the
end of the contract term. The payment of liens that arise after the
execution of the contract shall be determined by the parties and set
forth in the contract.

Sec. 4. A principal dwelling land contract must permit a buyer
to pay the balance owed on the contract and receive the deed at any
time. A principal dwelling land contract may not impose a
prepayment penalty or additional charge for an early payoff.

Sec. 5. At the time the parties execute the principal dwelling
land contract, the seller shall provide the buyer with one (1) copy
of the executed contract. The principal dwelling land contract
must:

(1) be notarized; and
(2) conform to the requirements set forth in IC 36-2-11 for the
recording of documents.

Sec. 6. The buyer or seller is not bound by a principal dwelling
land contract during the three (3) business days immediately
following the date of execution of the contract in the contract's full
and final form. At any time during the three (3) day period
described in this section, the buyer or the seller may deliver to the
other party a written notice of cancellation that has the legal effect
of canceling the transaction. If a notice of cancellation is delivered
by either the buyer or the seller to the other party during the three
(3) day period described in this section, the following apply:

(1) The buyer shall, not later than twenty-four (24) hours
after receipt or delivery of the notice of cancellation:
(A) surrender possession of the real estate that is the
subject of the transaction back to the seller; and
(B) return any keys or other devices that may be used to
access the property to the seller or the seller’s agent.
(2) The seller shall, not later than two (2) business days after
being placed back into possession of the real estate, return all
monies paid by the buyer, including any down payments, fees,
or regular payments made in connection with the transaction.
Neither the buyer nor the seller may waive the three (3) day
cancellation period provided for by this section, by contract or
otherwise.

Sec. 7. The seller shall record the executed principal dwelling
land contract not later than thirty (30) days after the contract is
executed in the county in which the real property is located. The buyer may record the executed contract at any time.

Sec. 8. After a principal dwelling land contract is recorded under section 7 of this chapter, the seller may transfer the seller's interest in the real estate that is the subject of the principal dwelling land contract to another person through a recorded deed. The interest transferred is subject to the recorded principal dwelling land contract. The transferee shall provide to the buyer under the principal dwelling land contract written notice of the transfer. The notice required by this section shall be provided by first class mail and by certified mail, return receipt requested, and must include the following:

1. A copy of the recorded warranty deed transferring the seller's interest in the real estate to the transferee.
2. The telephone number of the transferee.
3. The address to which payments under the principal dwelling land contract must be sent.

Sec. 9. (a) Subject to subsection (b), after a principal dwelling land contract is recorded under section 7 of this chapter, the buyer under the principal dwelling land contract may transfer the buyer's:

1. interest in the real estate that is the subject of the principal dwelling land contract, as of the date of the transfer; and
2. rights and obligations under the principal dwelling land contract, as of the date of the transfer;

to a subsequent buyer.

(b) A transfer of a buyer's interest, rights, and obligations described in subsection (a) is subject to the following:

1. The recorded principal dwelling land contract must not contain a provision specifying that the buyer's:
   (A) interest in the real estate; and
   (B) rights and obligations under the contract;
   are not transferable or assignable during the term of the contract.

2. The buyer and seller under the recorded principal dwelling land contract must provide the subsequent buyer with the following:

   (A) All applicable information, forms, and statements required under section 1 of this chapter, current as of the date of the transfer. However, the appraisal required under section 1(1) of this chapter may be the appraisal performed in connection with the recorded principal
dwelling land contract, unless all parties to the transfer agree to the performance of a new appraisal.

(B) All disclosures required under section 2 of this chapter, current as of the date of the transfer.

(3) After the buyer's:
   (A) interest in the real estate; and
   (B) rights and obligations under the recorded principal dwelling land contract;

are transferred to the subsequent buyer, sections 4 through 8 of this chapter apply with respect to the seller and the subsequent buyer.

Chapter 4. Statement of Account

Sec. 1. Before January 31 of each year, the seller shall provide the buyer with a written statement of account for the previous calendar year. The statement must include the following:

(1) A record of all payments made by the buyer.
(2) If applicable, a record of all payments made by the seller to satisfy any liens, and to whom the payments were made.
(3) The payoff amount as of the end of the previous calendar year.

Chapter 5. Buyer Default

Sec. 1. If a buyer fails to make a timely payment as required under a principal dwelling land contract and:

(1) has made timely payments under the contract for at least one (1) year; or
(2) the amount of all payments made by the buyer under the contract, including any down payment or prepayment, is at least five percent (5%) of the purchase price;

the seller shall send the buyer, not later than ten (10) days after the missed payment, the statement described in section 2 of this chapter.

Sec. 2. (a) A seller shall send a buyer described in section 1 of this chapter the following notice:

"EVEN THOUGH YOU HAVE FAILED TO MAKE A REQUIRED PAYMENT, INDIANA LAW PROVIDES LEGAL PROTECTION TO PERSONS BUYING A HOME UNDER A LAND CONTRACT. BECAUSE OF YOUR PAYMENT HISTORY OR EQUITY IN THE HOME, YOU MAY HAVE THE RIGHT TO CURE YOUR DEFAULT BY MAKING UP MISSED PAYMENTS. IN ADDITION, YOU MAY BE PROTECTED AGAINST FORFEITURE AND IMMEDIATE EVICTION, AND YOU MAY HAVE THE
RIGHT TO SOME OR ALL OF YOUR EQUITY IN THE HOME. YOU SHOULD SEEK LEGAL ADVICE FROM AN ATTORNEY BEFORE SURRENDERING POSSESSION OF THE HOME. MANY NONPROFIT ORGANIZATIONS IN INDIANA PROVIDE FREE LEGAL COUNSEL FOR PEOPLE IN YOUR SITUATION, INCLUDING INDIANA LEGAL SERVICES, INC.".

(b) The notice described in this section shall be in at least 12 point type.

Sec. 3. Forfeiture of possession of the real estate that is the subject of a principal dwelling land contract is available as remedy to the seller upon any act or omission of the buyer that constitutes a default under the terms of the contract only if either or both of the following apply:

(1) The real estate has been abandoned by the buyer.
(2) Both of the following apply:
   (A) The amount of all payments made by the buyer under the contract, including any down payment or prepayment, is less than five percent (5%) of the purchase price.
   (B) The seller's security interest in the real estate has been jeopardized by the acts or omissions of the buyer.

Chapter 6. Violations

Sec. 1. (a) If a seller fails to make a required preexecution disclosure under IC 32-29.5-3-1, the buyer has the right, not later than sixty (60) days after the parties execute the principal dwelling land contract, to:

(1) rescind the contract, subject to subsection (b); or
(2) obtain liquidated damages of up to one (1) month's payment under the contract.

(b) If, at the time a buyer seeks to rescind a principal dwelling land contract under subsection (a)(1), the principal dwelling land contract has been recorded, the buyer shall:

(1) execute a quitclaim deed to the seller with respect to the buyer's interest in the real estate as of the date of the rescission; and
(2) record the quitclaim deed in the county in which the real estate is located.

The quitclaim deed required under this subsection must contain a cross-reference to the recorded principal dwelling land contract.

The seller is responsible for all expenses incurred in the drafting and recording of a quitclaim deed required under this subsection. However, if the buyer vacates the property and does not execute
Sec. 2. If a seller fails to send a written statement of account:
(1) that substantially complies with IC 32-29.5-4; and
(2) before March 1 of the year in which it is due;
the buyer is entitled to liquidated damages of up to one (1) month's
payment under the contract. If a buyer brings an action under this
section and prevails, the court shall award the buyer court costs
and reasonable attorney's fees.

Sec. 3. (a) This subsection applies to a contract entered into
after June 30, 2019. If a seller prepares a principal dwelling land
contract that does not substantially comply with IC 32-29.5-3, the
buyer is entitled to:
(1) liquidated damages of up to one (1) month's payment
under the contract; and
(2) a new principal dwelling land contract containing
substantially identical terms to the original contract, prepared
at the seller's expense, that complies with IC 32-29.5-3.
However, if the seller fails to present the buyer with a new
principal dwelling land contract containing substantially identical
terms that complies with IC 32-29.5-3 within sixty (60) days of
being requested to do so in writing, the buyer is entitled to rescind
the principal dwelling land contract, subject to subsection (b).

(b) If, at the time a buyer seeks to rescind a principal dwelling
land contract under subsection (a), the principal dwelling land
contract has been recorded, the buyer shall:
(1) execute a quitclaim deed to the seller with respect to the
buyer's interest in the real estate as of the date of the
rescission; and
(2) record the quitclaim deed in the county in which the real
estate is located.
The quitclaim deed required under this subsection must contain a
cross-reference to the recorded principal dwelling land contract.
The seller is responsible for all expenses incurred in the drafting
and recording of a quitclaim deed required under this subsection.
However, if the buyer vacates the property and does not execute
and record a release of the land contract not later than ten (10)
days after vacating the property, the seller may file an action for
forfeiture.

(c) If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

Sec. 4. A violation of this article is an incurable deceptive act that is:

(1) actionable by the attorney general under IC 24-5-0.5-4(c); and

(2) subject to the penalties and remedies available to the attorney general under IC 24-5-0.5.

Chapter 7. Seller Default

Sec. 1. (a) If:

(1) the buyer has fulfilled the requirements of the principal dwelling land contract; and

(2) the seller is unable to transfer title to the buyer without any liens not assumed by the buyer with respect to the property;

the seller shall pay the buyer liquidated damages in the amount of twenty-five dollars ($25) per day until each unassumed lien is satisfied. If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

(b) This section does not affect the seller's obligation to satisfy any unassumed lien.

(c) A buyer who has fulfilled the requirements of the principal dwelling land contract is entitled to possession of the real property with no further payments due to the seller.

Chapter 8. Rulemaking

Sec. 1. (a) The attorney general, in consultation with the department of financial institutions, may adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided by IC 4-22-2-37.1, to implement this article.

(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule adopted by the attorney general under this section and in the manner provided by IC 4-22-2-37.1 expires on the date on which a rule that supersedes the emergency rule is adopted by the attorney general under IC 4-22-2-24 through IC 4-22-2-36.

SECTION 4. An emergency is declared for this act.
COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1495, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 10, delete lines 4 through 42, begin a new paragraph and insert:

"SECTION 2. IC 24-5-0.5-3, AS AMENDED BY P.L.170-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A supplier may not commit an unfair, abusive, or deceptive act, omission, or practice in connection with a consumer transaction. Such an act, omission, or practice by a supplier is a violation of this chapter whether it occurs before, during, or after the transaction. An act, omission, or practice prohibited by this section includes both implicit and explicit misrepresentations.

(b) Without limiting the scope of subsection (a), the following acts, and the following representations as to the subject matter of a consumer transaction, made orally, in writing, or by electronic communication, by a supplier, are deceptive acts:

(1) That such subject of a consumer transaction has sponsorship, approval, performance, characteristics, accessories, uses, or benefits it does not have which the supplier knows or should reasonably know it does not have.
(2) That such subject of a consumer transaction is of a particular standard, quality, grade, style, or model, if it is not and if the supplier knows or should reasonably know that it is not.
(3) That such subject of a consumer transaction is new or unused, if it is not and if the supplier knows or should reasonably know that it is not.
(4) That such subject of a consumer transaction will be supplied to the public in greater quantity than the supplier intends or reasonably expects.
(5) That replacement or repair constituting the subject of a consumer transaction is needed, if it is not and if the supplier knows or should reasonably know that it is not.
(6) That a specific price advantage exists as to such subject of a consumer transaction, if it does not and if the supplier knows or should reasonably know that it does not.
(7) That the supplier has a sponsorship, approval, or affiliation in such consumer transaction the supplier does not have, and which the supplier knows or should reasonably know that the supplier

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(8) That such consumer transaction involves or does not involve a warranty, a disclaimer of warranties, or other rights, remedies, or obligations, if the representation is false and if the supplier knows or should reasonably know that the representation is false.

(9) That the consumer will receive a rebate, discount, or other benefit as an inducement for entering into a sale or lease in return for giving the supplier the names of prospective consumers or otherwise helping the supplier to enter into other consumer transactions, if earning the benefit, rebate, or discount is contingent upon the occurrence of an event subsequent to the time the consumer agrees to the purchase or lease.

(10) That the supplier is able to deliver or complete the subject of the consumer transaction within a stated period of time, when the supplier knows or should reasonably know the supplier could not. If no time period has been stated by the supplier, there is a presumption that the supplier has represented that the supplier will deliver or complete the subject of the consumer transaction within a reasonable time, according to the course of dealing or the usage of the trade.

(11) That the consumer will be able to purchase the subject of the consumer transaction as advertised by the supplier, if the supplier does not intend to sell it.

(12) That the replacement or repair constituting the subject of a consumer transaction can be made by the supplier for the estimate the supplier gives a customer for the replacement or repair, if the specified work is completed and:

(A) the cost exceeds the estimate by an amount equal to or greater than ten percent (10%) of the estimate;
(B) the supplier did not obtain written permission from the customer to authorize the supplier to complete the work even if the cost would exceed the amounts specified in clause (A);
(C) the total cost for services and parts for a single transaction is more than seven hundred fifty dollars ($750); and
(D) the supplier knew or reasonably should have known that the cost would exceed the estimate in the amounts specified in clause (A).

(13) That the replacement or repair constituting the subject of a consumer transaction is needed, and that the supplier disposes of the part repaired or replaced earlier than seventy-two (72) hours after both:

(A) the customer has been notified that the work has been
completed; and
(B) the part repaired or replaced has been made available for examination upon the request of the customer.
(14) Engaging in the replacement or repair of the subject of a consumer transaction if the consumer has not authorized the replacement or repair, and if the supplier knows or should reasonably know that it is not authorized.
(15) The act of misrepresenting the geographic location of the supplier by listing an alternate business name or an assumed business name (as described in IC 23-0.5-3-4) in a local telephone directory if:
   (A) the name misrepresents the supplier's geographic location;
   (B) the listing fails to identify the locality and state of the supplier's business;
   (C) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the calling area covered by the local telephone directory; and
   (D) the supplier's business location is located in a county that is not contiguous to a county in the calling area covered by the local telephone directory.
(16) The act of listing an alternate business name or assumed business name (as described in IC 23-0.5-3-4) in a directory assistance data base if:
   (A) the name misrepresents the supplier's geographic location;
   (B) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the local calling area; and
   (C) the supplier's business location is located in a county that is not contiguous to a county in the local calling area.
(17) The violation by a supplier of IC 24-3-4 concerning cigarettes for import or export.
(18) The act of a supplier in knowingly selling or reselling a product to a consumer if the product has been recalled, whether by the order of a court or a regulatory body, or voluntarily by the manufacturer, distributor, or retailer, unless the product has been repaired or modified to correct the defect that was the subject of the recall.
(20) The violation by a supplier of the federal Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.), including any
rules or regulations issued under the federal Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.).

(21) A violation of IC 24-5-7 (concerning health spa services), as set forth in IC 24-5-7-17.

(22) A violation of IC 24-5-8 (concerning business opportunity transactions), as set forth in IC 24-5-8-20.

(23) A violation of IC 24-5-10 (concerning home consumer transactions), as set forth in IC 24-5-10-18.

(24) A violation of IC 24-5-11 (concerning real property improvement contracts), as set forth in IC 24-5-11-14.

(25) A violation of IC 24-5-12 (concerning telephone solicitations), as set forth in IC 24-5-12-23.


(28) A violation of IC 24-5-15 (concerning credit services organizations), as set forth in IC 24-5-15-11.

(29) A violation of IC 24-5-16 (concerning unlawful motor vehicle subleasing), as set forth in IC 24-5-16-18.

(30) A violation of IC 24-5-17 (concerning environmental marketing claims), as set forth in IC 24-5-17-14.

(31) A violation of IC 24-5-19 (concerning deceptive commercial solicitation), as set forth in IC 24-5-19-11.

(32) A violation of IC 24-5-21 (concerning prescription drug discount cards), as set forth in IC 24-5-21-7.

(33) A violation of IC 24-5-23.5-7 (concerning real estate appraisals), as set forth in IC 24-5-23.5-9.

(34) A violation of IC 24-5-26 (concerning identity theft), as set forth in IC 24-5-26-3.

(35) A violation of IC 24-5.5 (concerning mortgage rescue fraud), as set forth in IC 24-5.5-6-1.

(36) A violation of IC 24-8 (concerning promotional gifts and contests), as set forth in IC 24-8-6-3.

(37) A violation of IC 21-18.5-6 (concerning representations made by a postsecondary credit bearing proprietary educational institution), as set forth in IC 21-18.5-6-22.5.

(38) A violation of IC 32-29.5 (concerning principal dwelling land contracts), as set forth in IC 32-29.5-6-4.

(c) Any representations on or within a product or its packaging or in advertising or promotional materials which would constitute a deceptive act shall be the deceptive act both of the supplier who places

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such representation thereon or therein, or who authored such materials, and such other suppliers who shall state orally or in writing that such representation is true if such other supplier shall know or have reason to know that such representation was false.

(d) If a supplier shows by a preponderance of the evidence that an act resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error, such act shall not be deceptive within the meaning of this chapter.

(e) It shall be a defense to any action brought under this chapter that the representation constituting an alleged deceptive act was one made in good faith by the supplier without knowledge of its falsity and in reliance upon the oral or written representations of the manufacturer, the person from whom the supplier acquired the product, any testing organization, or any other person provided that the source thereof is disclosed to the consumer.

(f) For purposes of subsection (b)(12), a supplier that provides estimates before performing repair or replacement work for a customer shall give the customer a written estimate itemizing as closely as possible the price for labor and parts necessary for the specific job before commencing the work.

(g) For purposes of subsection (b)(15) and (b)(16), a telephone company or other provider of a telephone directory or directory assistance service or its officer or agent is immune from liability for publishing the listing of an alternate business name or assumed business name of a supplier in its directory or directory assistance database unless the telephone company or other provider of a telephone directory or directory assistance service is the same person as the supplier who has committed the deceptive act.

(h) For purposes of subsection (b)(18), it is an affirmative defense to any action brought under this chapter that the product has been altered by a person other than the defendant to render the product completely incapable of serving its original purpose.

SECTION 3. IC 32-29.5 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 29.5. PRINCIPAL DWELLING LAND CONTRACTS

Chapter 1. Application

Sec. 1. This article applies only to a principal dwelling land contract entered into after June 30, 2019.

Sec. 2. (a) This article applies to a seller who, in the ordinary course of the seller's business, sells real property under a principal
(b) For purposes of subsection (a), a seller is considered to sell real property under a principal dwelling land contract in the ordinary course of the seller's business if the seller, including one (1) or more affiliates of the seller, and whether separately or in total, has at least four (4) outstanding land contracts existing at the same time.

Sec. 3. This article does not apply to the following:

(1) A depository institution regulated by a state or federal agency, and subsidiaries owned and controlled by the depository institution.

(2) A first lien mortgage lender licensed under IC 24-4.4, and subsidiaries owned and controlled by the first lien mortgage lender.

(3) Transactions between family members.

Chapter 2. Definitions

Sec. 1. The definitions set forth in this chapter apply throughout this article.

Sec. 2. "Affiliate" means any person who directly or indirectly controls, is controlled by, or is under common control of another person.

Sec. 3. "Land contract" means a contract for the sale of real estate in which the seller of the real estate retains legal title to the real estate until the total contract price is paid by the buyer.

Sec. 4. (a) "Principal dwelling land contract" means a land contract for the sale of real property:

(1) designed primarily for the occupancy of one (1) to four (4) families; and

(2) that is or will be occupied by a buyer as the buyer's principal dwelling.

(b) The term does not include a land contract for the sale of:

(1) more than ten (10) acres of land; or

(2) vacant land.

Chapter 3. Principal Dwelling Land Contracts and Disclosures

Sec. 1. At least ten (10) days before a principal dwelling land contract is executed by the parties, the seller shall provide the buyer with the following:

(1) A complete copy of a Federal Housing Administration (FHA) appraisal for the real property that has been completed within the previous six (6) months.

(2) A complete record of any liens encumbering the property, including any property tax liens or special assessment liens.
(3) The residential real estate disclosure form described in IC 32-21-5-7.

(4) If the real property was constructed before 1978, the lead-based paint disclosure form as required by the federal EPA and HUD Real Estate Notification and Disclosure Rule.

(5) The annual percentage rate of the principal dwelling land contract:
   (A) determined under; and
   (B) disclosed in accordance with;
   the federal Truth in Lending Act (Regulation Z; 12 CFR 1026.22).

(6) The following statement, in at least 12 point type:
"INDIANA LAW PROVIDES LEGAL PROTECTION TO PERSONS BUYING A HOME UNDER A LAND CONTRACT. IF YOU HAVE EQUITY IN THE HOME AND MISS REQUIRED PAYMENTS, YOU MAY HAVE THE RIGHT TO CURE YOUR DEFAULT BY MAKING UP MISSED PAYMENTS. IN ADDITION, YOU MAY BE PROTECTED AGAINST FORFEITURE AND IMMEDIATE EVICTION, AND YOU MAY HAVE THE RIGHT TO THE RETURN OF SOME OR ALL OF YOUR EQUITY IN THE HOME."

Sec. 2. A principal dwelling land contract must include the following information:

(1) The annual percentage rate of the loan, calculated in accordance with section 1(5) of this chapter.

(2) If the real property is encumbered by one (1) or more liens, a statement of the amount of the liens and an agreement by the seller that the seller shall use a specified portion of funds received from the buyer under the contract to satisfy the liens.

(3) The sales price, address, and legal description of the residential real estate that is the subject of the contract.

(4) A statement of the amount of any down payment or purchase option fee applied to the purchase price, including the resulting principal amount remaining to be paid by the buyer for the remainder of the contract.

(5) The term of the contract expressed in years and months, and the total number of periodic payments due under the contract.

(6) The amount of any balloon payment, and when the balloon payment is due.

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(7) A statement setting forth whether the seller or buyer is responsible for paying real estate taxes and insurance with respect to the real estate, including the procedures necessary for the timely invoicing and payment of those amounts. In any case in which responsibility for the payment of real estate taxes and insurance with respect to the property is not clearly set forth in the contract, the seller:

(A) is responsible for paying real estate taxes and insurance when due; and

(B) may not seek reimbursement for those amounts from the buyer.

(8) Subject to subdivision (7), the amount that will be charged periodically, if any, during the first year of the contract to pay real estate taxes.

(9) Subject to subdivision (7), the amount that will be charged periodically, if any, during the first year of the contract to pay for insurance.

(10) A statement that any amounts listed under subdivisions (8) or (9) are subject to change each year.

(11) A listing of any unpaid amounts owed for real estate taxes with respect to the property.

(12) The types of insurance coverage, including property insurance and title insurance, for the buyer and seller that are required under, or are to be provided in connection with, the contract.

(13) A statement setting forth any repairs the buyer is financially responsible for making to the residential real estate that is subject to the contract.

(14) A statement setting forth any types of alterations to the property that must be approved by both the buyer and the seller before being made, including any requirements to provide evidence of necessary permits, insurance, and lien waiver agreements.

(15) One (1) of the following:

(A) An express written warranty that a municipality or another governmental unit has not issued to:

(i) the seller;

(ii) the seller's principal; or

(iii) the seller's agent;

during the five (5) year period immediately preceding the date of execution of the contract, any notice of a dwelling code violation with respect to the real estate.
(B) If a notice described in clause (A) has been issued to:
(i) the seller;
(ii) the seller’s principal; or
(iii) the seller’s agent;
during the five (5) year period described in clause (A), a
listing of all such notices of violation and a brief statement
of the actions taken by the seller to remedy the violations
set forth in the notice.

Sec. 3. All preexisting liens must be satisfied by the seller by the
end of the contract term. The payment of liens that arise after the
execution of the contract shall be determined by the parties and set
forth in the contract.

Sec. 4. A principal dwelling land contract must permit a buyer
to pay the balance owed on the contract and receive the deed at any
time. A principal dwelling land contract may not impose a
prepayment penalty or additional charge for an early payoff.

Sec. 5. At the time the parties execute the principal dwelling
land contract, the seller shall provide the buyer with one (1) copy
of the executed contract. The principal dwelling land contract
must:

(1) be notarized; and
(2) conform to the requirements set forth in IC 36-2-11 for the
recording of documents.

Sec. 6. The buyer or seller is not bound by a principal dwelling
land contract during the three (3) business days immediately
following the date of execution of the contract in the contract’s full
and final form. At any time during the three (3) day period
described in this section, the buyer or the seller may deliver to the
other party a written notice of cancellation that has the legal effect
of canceling the transaction. If a notice of cancellation is delivered
by either the buyer or the seller to the other party during the three
(3) day period described in this section, the following apply:

(1) The buyer shall, not later than twenty-four (24) hours
after receipt or delivery of the notice of cancellation:
(A) surrender possession of the real estate that is the
subject of the transaction back to the seller; and
(B) return any keys or other devices that may be used to
access the property to the seller or the seller’s agent.
(2) The seller shall, not later than two (2) business days after
being placed back into possession of the real estate, return all
monies paid by the buyer, including any down payments, fees,
or regular payments made in connection with the transaction.
Neither the buyer nor the seller may waive the three (3) day cancellation period provided for by this section, by contract or otherwise.

Sec. 7. The seller shall record the executed principal dwelling land contract not later than thirty (30) days after the contract is executed in the county in which the real property is located. The buyer may record the executed contract at any time.

Sec. 8. After a principal dwelling land contract is recorded under section 7 of this chapter, the seller may transfer the seller's interest in the real estate that is the subject of the principal dwelling land contract to another person through a recorded deed. The interest transferred is subject to the recorded principal dwelling land contract. The transferee shall provide to the buyer under the principal dwelling land contract written notice of the transfer. The notice required by this section shall be provided by first class mail and by certified mail, return receipt requested, and must include the following:

1. A copy of the recorded warranty deed transferring the seller's interest in the real estate to the transferee.
2. The telephone number of the transferee.
3. The address to which payments under the principal dwelling land contract must be sent.

Sec. 9. (a) Subject to subsection (b), after a principal dwelling land contract is recorded under section 7 of this chapter, the buyer under the principal dwelling land contract may transfer the buyer's:

1. interest in the real estate that is the subject of the principal dwelling land contract, as of the date of the transfer; and
2. rights and obligations under the principal dwelling land contract, as of the date of the transfer;

by a subsequent buyer.

(b) A transfer of a buyer's interest, rights, and obligations described in subsection (a) is subject to the following:

1. The recorded principal dwelling land contract must not contain a provision specifying that the buyer's:
   (A) interest in the real estate; and
   (B) rights and obligations under the contract;
are not transferable or assignable during the term of the contract.

2. The buyer and seller under the recorded principal dwelling land contract must provide the subsequent buyer with the following:

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(A) All applicable information, forms, and statements required under section 1 of this chapter, current as of the date of the transfer. However, the appraisal required under section 1(1) of this chapter may be the appraisal performed in connection with the recorded principal dwelling land contract, unless all parties to the transfer agree to the performance of a new appraisal.

(B) All disclosures required under section 2 of this chapter, current as of the date of the transfer.

(3) After the buyer's:

(A) interest in the real estate; and

(B) rights and obligations under the recorded principal dwelling land contract;

are transferred to the subsequent buyer, sections 4 through 8 of this chapter apply with respect to the seller and the subsequent buyer.

Chapter 4. Statement of Account

Sec. 1. Before January 31 of each year, the seller shall provide the buyer with a written statement of account for the previous calendar year. The statement must include the following:

(1) A record of all payments made by the buyer.

(2) If applicable, a record of all payments made by the seller to satisfy any liens, and to whom the payments were made.

(3) The payoff amount as of the end of the previous calendar year.

Chapter 5. Buyer Default

Sec. 1. If a buyer fails to make a timely payment as required under a principal dwelling land contract and:

(1) has made timely payments under the contract for at least one (1) year; or

(2) the amount of all payments made by the buyer under the contract, including any down payment or prepayment, is at least five percent (5%) of the purchase price;

the seller shall send the buyer, not later than ten (10) days after the missed payment, the statement described in section 2 of this chapter.

Sec. 2. (a) A seller shall send a buyer described in section 1 of this chapter the following notice:

"EVEN THOUGH YOU HAVE FAILED TO MAKE A REQUIRED PAYMENT, INDIANA LAW PROVIDES LEGAL PROTECTION TO PERSONS BUYING A HOME UNDER A LAND CONTRACT. BECAUSE OF YOUR
PAYMENT HISTORY OR EQUITY IN THE HOME, YOU MAY HAVE THE RIGHT TO CURE YOUR DEFAULT BY MAKING UP MISSED PAYMENTS. IN ADDITION, YOU MAY BE PROTECTED AGAINST FORFEITURE AND IMMEDIATE EVICTION, AND YOU MAY HAVE THE RIGHT TO SOME OR ALL OF YOUR EQUITY IN THE HOME. YOU SHOULD SEEK LEGAL ADVICE FROM AN ATTORNEY BEFORE SURRENDERING POSSESSION OF THE HOME. MANY NONPROFIT ORGANIZATIONS IN INDIANA PROVIDE FREE LEGAL COUNSEL FOR PEOPLE IN YOUR SITUATION, INCLUDING INDIANA LEGAL SERVICES, INC.”.

(b) The notice described in this section shall be in at least 12 point type.

Sec. 3. Forfeiture of possession of the real estate that is the subject of a principal dwelling land contract is available as remedy to the seller upon any act or omission of the buyer that constitutes a default under the terms of the contract only if either or both of the following apply:

(1) The real estate has been abandoned by the buyer.
(2) Both of the following apply:
   (A) The amount of all payments made by the buyer under the contract, including any down payment or prepayment, is less than five percent (5%) of the purchase price.
   (B) The seller's security interest in the real estate has been jeopardized by the acts or omissions of the buyer.

Chapter 6. Violations

Sec. 1. (a) If a seller fails to make a required preexecution disclosure under IC 32-29.5-3-1, the buyer has the right, not later than sixty (60) days after the parties execute the principal dwelling land contract, to:

(1) rescind the contract, subject to subsection (b); or
(2) obtain liquidated damages of up to one (1) month's payment under the contract.

(b) If, at the time a buyer seeks to rescind a principal dwelling land contract under subsection (a)(1), the principal dwelling land contract has been recorded, the buyer shall:

(1) execute a quitclaim deed to the seller with respect to the buyer's interest in the real estate as of the date of the rescission; and
(2) record the quitclaim deed in the county in which the real estate is located.

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The quitclaim deed required under this subsection must contain a cross-reference to the recorded principal dwelling land contract. The seller is responsible for all expenses incurred in the drafting and recording of a quitclaim deed required under this subsection. However, if the buyer vacates the property and does not execute and record a release of the land contract not later than ten (10) days after vacating the property, the seller may file an action for forfeiture.

(c) If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

Sec. 2. If a seller fails to send a written statement of account:
(1) that substantially complies with IC 32-29.5-4; and
(2) before March 1 of the year in which it is due;
the buyer is entitled to liquidated damages of up to one (1) month's payment under the contract. If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

Sec. 3. (a) This subsection applies to a contract entered into after June 30, 2019. If a seller prepares a principal dwelling land contract that does not substantially comply with IC 32-29.5-3, the buyer is entitled to:
(1) liquidated damages of up to one (1) month's payment under the contract; and
(2) a new principal dwelling land contract containing substantially identical terms to the original contract, prepared at the seller's expense, that complies with IC 32-29.5-3.
However, if the seller fails to present the buyer with a new principal dwelling land contract containing substantially identical terms that complies with IC 32-29.5-3 within sixty (60) days of being requested to do so in writing, the buyer is entitled to rescind the principal dwelling land contract, subject to subsection (b).
(b) If, at the time a buyer seeks to rescind a principal dwelling land contract under subsection (a), the principal dwelling land contract has been recorded, the buyer shall:
(1) execute a quitclaim deed to the seller with respect to the buyer's interest in the real estate as of the date of the rescission; and
(2) record the quitclaim deed in the county in which the real estate is located.
The quitclaim deed required under this subsection must contain a cross-reference to the recorded principal dwelling land contract.

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The seller is responsible for all expenses incurred in the drafting and recording of a quitclaim deed required under this subsection. However, if the buyer vacates the property and does not execute and record a release of the land contract not later than ten (10) days after vacating the property, the seller may file an action for forfeiture.

(c) If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

Sec. 4. A violation of this article is an incurable deceptive act that is:

(1) actionable by the attorney general under IC 24-5-0.5-4(c); and
(2) subject to the penalties and remedies available to the attorney general under IC 24-5-0.5.

Chapter 7. Seller Default
Sec. 1. (a) If:
(1) the buyer has fulfilled the requirements of the principal dwelling land contract; and
(2) the seller is unable to transfer title to the buyer without any liens not assumed by the buyer with respect to the property;
the seller shall pay the buyer liquidated damages in the amount of twenty-five dollars ($25) per day until each unassumed lien is satisfied. If a buyer brings an action under this section and prevails, the court shall award the buyer court costs and reasonable attorney's fees.

(b) This section does not affect the seller's obligation to satisfy any unassumed lien.

(c) A buyer who has fulfilled the requirements of the principal dwelling land contract is entitled to possession of the real property with no further payments due to the seller.

Chapter 8. Rulemaking
Sec. 1. (a) The attorney general, in consultation with the department of financial institutions, may adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided by IC 4-22-2-37.1, to implement this article.

(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule adopted by the attorney general under this section and in the manner provided by IC 4-22-2-37.1 expires on the date on which a rule that supersedes the emergency rule is adopted by the attorney general under IC 4-22-2-24 through IC 4-22-2-36.”.

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Delete pages 11 through 14.
Page 15, delete lines 1 through 15.
Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1495 as introduced.)

BURTON

Committee Vote: yeas 8, nays 0.